THE IMPACT OF FINANCIAL REWARDS ON EMPLOYEE MOTIVATION AND PERFORMANCE: THE STUDY OF NIGERIAN TOBACCO COMPANY ZARIA.

BY

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DECLARATION

I, LUCYFINE NWOBI, declared that this Project was written by me and that it was not copied from any past research. As far as possible, the works of other scholars cited have been adequately acknowledged.

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C E R T I F I C A T I O N

This project entitled, "THE IMPACT OF FINANCIAL REWARDS ON EMPLOYEE MOTIVATION AND PERFORMANCE: THE STUDY OF NIGERIAN TOBACCO COMPANY ZARIA" by LUCYFINE NWORI meets the regulations governing the award of the degree of Masters in Business Administration of Ahmadu Bello University, and is approved for its contribution to knowledge and literary presentation.

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D E D I C A T I O N

This project is dedicated to the Almighty God whose grace has been so sufficient in all my endeavours.

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My profound gratitude go to my supervisor, Dr, P. D. Bagobiri whose counsel, constructive criticisms and encouragement were great drive to the completion of this projects. I also wish to thank all members of staff of the Department of Business Administration for their contribution throughout the study.

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A B S T R A C T

This project has attempted an examination of the impact of financial rewards on employee motivation and performance: The study of Nigerian Tobacco Company Zaria. The purpose of this project is to find out the primary effects of financial rewards on employee motivation and performance. This is in order to know how to utilise financial rewards effectively in an organization in accelerating employee performance and motivation.

Chapter one of the study attempts to introduce the study by presenting the problems that led to the study the aims of the study, justification of the study and scope and limitation of the study. This chapter also addresses itself to the methodology and all important concepts of the study.

In Chapter two we reviewed and critically evaluated theories and research studies related to the study.

Chapter three is an exposition on the Financial Rewards system of Nigerian Tobacco Company, the historical development and the organizational structure, the different financial rewards schemes of NTC and external influences on the financial rewards schemes.

Chapter four presents the findings of the study which examined whether employees are attracted, retained and motivated to perform in an organization, mainly because of its financial rewards system. And secondly, whether employees motivation and performance are influenced by financial rewards.

We used documentary, survey and case study research method and employed statistical method of tables, frequencies and percentages for analysis, The findings of the study are as follows:-

i) that Nigerian Tobacco Company like most private organizations in the country has a wide range of motivational factors. Which includes financial rewards, training and development opportunities, Job security, opportunity for promotion etc but they are not adequately utilised towards employee motivation and performance;

ii) that financial rewards serves as instrument for satisfaction of both lower and higher order needs;

iii) that high percentage of employee aspire for jobs which offers the potential for high financial rewards and professional status;

iv) that the amount of financial rewards received by employees determines whether they are satisfied or dissatisfied with their jobs and thus job retention.

v) that Financial Rewards is an important factor to employee motivation and performance. And thus financial rewards is still a valued commodity in work.

Finally chapter five summarises the study and gives useful recommendation for the adequate utilization of financial rewards in employee motivation and performance. Some of the recommendations given were as follows:-

i. that the organization should pay employee on the basis of the results they achieve on the job. That is the output produced, return on assets, company's earning etc;

ii. that employee must be able to control the performance on which the financial rewards is based;

iii. there should be equity in paying;

iv. that the amount of money set aside for financial rewards must be sufficiently large to make extra

effort worthwhile;

v. that financial rewards increases should be given voluntarily.

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CHAPTER ONE

INTRODUCTION

1.1 Statement of the Problem

Organizations today, both in the Public and Private sectors are confronted with the problem of how to improve on employee motivation and performance in work places. Management in these organizations have tried boosting performance through new equipments and new job designs. Some have concentrated their orientation towards the employees. Infact, of all the ways of setting up a work situation that motivates employees towards hard work, the one that most industries or organizations has formalized most is the financial rewards system. Financial rewards in industries have come to occupy a central place.

Does a well designed financial rewards system motivates employees to greater performance, higher quality performance or greater employee satisfaction? The answer to this question has varied from the "Yes" of the Classical Scientific Management School in the early 1900s to the "No" of the human relations theorists in the 1930s. The controversy still rages, and I am not sure we can settle this age old dispute in this study, but the various positions will be presented. However, most times, these controversies have been based on reasons often not highly

associated with the evidence, or on non tested assumptions, hunches and time worn "rules of thumb." And this has led to some of the studies concluding that neither financial rewards nor new technologies will remedy the low motivation and performance problem in industry.

The Nigerian Tobacco Company over the years has been faced with the problem of low productivity and the company has been encouraging improvement in efficiencies. Among the Company's Challenges in the future is to achieve and maintain improved levels of efficiency and productivity. To this effect the organization has designed their compensation programs to attract quality job applicants to the organization, motivate employee to perform to their capabilities and allow the organization to retain its best employees.

All we will be trying to do in this study is establishing the positive impact, financial rewards has on employees and that effective financial rewards administration is a desirable factor in employee motivation and performance. Many studies exists to support this research effort and in one of such studies, Viteles states that. it has become increasingly evident that the worker seeks more financial rewards from his job and that the extent to which other needs and wants are satisfied has a strong

bearing upon how well a wage system still work in a particular situation and exercises a direct and frequently predominanting influence upon employee performance and satisfaction at work and upon employee morale.[1] Money is a common means for satisfying all sorts of diverse needs in our society, thus financial rewards in workplace fit with our culture's conception of what work means, with the definition of work as non satisfying and restrictive activity given by people in exchange for means like financial rewards. The means thus earned allow the earner to satisfy his idiosyncratic needs off the job. The identification of financial rewards is thus a pre-condition for achieving sustained motivation and consequently improved performance.

In order to increase our understanding about the behavioural effects of financial rewards as a motivator to higher performance based on empirical evidence, this study begs to answer these questions:- What is the most important incentive for work? Does the financial rewards system of an organization contributes in attracting, retaining and motivating employees? In what form should financial rewards system take to motivate and improve employee performance? What financial rewards are desired by employees? Or the perceived value of the financial rewards to the people receiving them. To what extent is

the performance of the organization related to the financial rewards system? In what ways using financial rewards can motivation among employees be improved to enhance performance? These and related questions are systematically examined in this study.

1.2 Aims of the Study

The aim of this s tudy is to examine the impact of financial rewards on employee motivation and performance. The specific aims of the study are:-

(a) to identify the different available types of financial rewards of the Nigerian/Tobacco Company, Zaria.

(b) to analyse the impact of these financial rewards on job attraction, retention and turnover;

(c) to examine the extent financial rewards can improve employee motivation and performance;

(d) to find out if the existing organization financial rewards system are tied to employee performance;

(e) to identify the most preferred financial rewards by different categories of workers;

(f) to suggest measures to improving the financial rewards systems of the organization to accelerating employee motivation and performance.

1.3 Justification of the Study:

A research examining the impact of financial rewards on employee motivation and performance is justified in several respects.

Firstly, the primary role of industry financial rewards are related with motivating employees for desired behaviours. While several behavious may be desired by organizations of their employees, job performance is the behaviour of primary focus in this study.

Secondly, this study revisites the most important question in industries today. What is that which will most motivate employee to perform more efficiently or to produce to their capacity? Motivational research has produced some solid answers to that question and this study will undoubtedly create interest in such research results. However, until recently this research was not directly applicable to the developing country work context. Our research, however, has concentrated on a developing country - Nigeria.

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Most of the studies and theories on motivation in the past was based on developed economies and these must have affected their conclusions. In developing countries the importance money has to the society might contribute in influencing work behaviour among workers. Thus the study

will try to show the limitations of such previous studies of over generalisation in lumping all workers together.

Thirdly, this study stresses that the solution to improving the Nigerian workers problem of low productivity, motivation and inefficiency can take the form of reviewing every organizations financial reward system to be motivational and performance oriented.

Consequently, findings from this study will add to the existing literature on this subject and enhance success in the realization of the organizational goals.

1.4 Scope and Limitation of the Study

The scope of this study is in the impact financial rewards has on employee motivation and performance in Nigerian Tobacco Company, Zaria. The fact that studies in the area of motivation are over three thousand three hundred and fifty[2] does explain why it will be a harculean task to study all the facets of motivation techniques. The study will therefore circumscribe to the extent that financial aspects of motivation and its relation to performance will be dealth with only. Although actual pay is the dominant factor we will be considering in the working relationship, there are also other outcomes from

the working relationship that we can't avoid in considering in the job situation. For example a worker sometimes will forego higher financial rewards based on piece work jobs in order to avoid being an outcast from the work group or in the case of people who view their jobs primarily as a means of self actualization, pay will not constitute the foremost or primary outcome of the job.

The study will be restricted in the sense that data used for generalization is only that obtained from Nigerian Tobacco Company, Zaria.

The time scope of the study is also very important, though the study will make reference to the period when the company started operation in 1959 to date. However, conclusions will be arrived at on the basis of the responses of the present employees of the organization.

Financial constraints and secrecy on some important information needed for the study, definately restricted the extent of the study.

1.5 Hypotheses

The validity of the following hypotheses were tested:-

(a) that employees are attracted, retain and motivated to perform in the organization mainly because of its financial rewards system.

(b) that employee motivation and performance are influenced by the financial rewards they receive.

1.6 Research Methodology:

1.6.1 Sources of Data

In this study primary and secondary data were used. The primary data covered data that were collected and analysed for the first time. They included the information from employees of Nigerian Tobacco Company, Zaria.

The relevant secondary data had to do with documentary studies. Relevant literature mainly published works and journals that related to the problem of study were reviewed. This also included library research on the subject.

1.6.2 Method of Data Collection

Two methods of data collection were used.

They include:-

(a) Questionnaire

(b) Direct Interview

Questionnaire:

The main instrument of the research is the questionnaire. The method was used because it enabled the researcher to cover a larger number of respondents and issues which deal with the impact of financial rewards on respondents motivation and performance.

Questions were drawn bearing in mind the level of education of the majority of the workers. Questions were drawn as simple as possible and administered on the respondents selected from various departments and categories of the employees. The questionnaire used both the open and closed ended types of questions.

Direct Interview

Interviews were used to supplement the questionnaire method. The use of interviews was necessary to enabling the researcher to probe deeper into some of those issues which can not be fully covered in the questionnaire. The interviews also enabled the researcher to hear the views or opinions of some of the respondents on a face-to-face basis and note their perceptions on the Organization's Financial rewards system. Thus it help to give qualitative information which was necessary for this study.

1.6.3 Sampling Procedure

For high level of representativeness and participation, random sampling were used. A random sample size of two hundred was selected. According to Runyon and Haber,[3] Nachmias and Nachmias,[4] a sample size of about 5 persent of a population over one thousand is good enough for making inference, of the entire population. Since there

are approximately one thousand, five hundred and twenty-six employees in Nigerian Tobacco Company Zaria, the researcher decided that a sample size of two hundred which is about 13 percent would be good enough for the purposes of this research considering that it is not always possible to have a hundred percent response.

1.6.4 Method of Data Analysis

Procedures for data analysis includes collection of completed questionnaire, from the respondents, checking for the actual and appropriate completion of the data, coding of raw data. The responses were classified and tabulated statistically in the Chapter on Data Analysis. Results were presented in tabular form in frequencies of response and percentages were obtained. A textual discussion on each table was done and decisions were taken through analysis. Also evidence obtained from the unstructured interviews were presented in a running narrative.

1.7 Definition of Major Concept

1. Compensation:- Is a broad term pertaining to financial rewards received by persons through their employment relationship with an organization.[5] Generally speaking, compensation is financial in nature because a

monetary outlay is required by the employer. Such monetary outlays may be immediate (payable within a short period of time) or deferred (payable at a later date). An employee's weekly or monthly pay is an example of an immediate payment whereas a pension, profit sharing, a bonus plan typifies a deferred payment. Compensation can be direct, where money is placed into the hands of the employee, or indirect where the employee receives compensation in non-monetary forms or has little discretion as to how the compensation will be spent (expense accounts, use of a company automobile and group and health insurance). The types of compensation can be categorized as follows:[6]

(a) Wages and salary "Wages" typically pertain to hourly rates of pay (the more hours worked the greater the pay) and the term "salary" generally applies to a fixed weekly, monthly or annual rate of pay (regardless of the number of hours worked). Both wages and salaries are usually adjusted annually and are based on the type of job held by an employee as well as individual seniority and job performance (merit).

(b) Incentive Programs:- Additional Compensation above and beyond the employee's wage or salary is provided

by incentives programs. (some employees earn all of their pay from incentives). Incentive programs are geared to providing additional pay based on productivity, sales, profits, or cost-reduction efforts. The major objective of most incentive compensation programs is to encourage and reward employee productivity and cost effectiveness. Incentive programs are of two types:-

i) Individual incentive programs provide compensation based on the sales, productivity, or cost savings attributable to a specific employee.

ii) Group incentive programs allocate compensation to a group of employees (by department, division or work group) for exceeding predetermined profitability productivity or cost savings standards.

(c) Employee Benefit Programs: Group Life and health insurance, paid vacations and holidays, pension programs and other benefits associated with an employment relationship or membership in a union are examples of employee benefit programs. Employee benefits now comprise approximately 40 percent of total compensation cost in the United States.

(d) Perquisites Employees:- may receive amenities such as the use of company automobiles, country club memberships, travel allowances, or access to company owned resorts and airplanes. Perquisites may represent a substantial amount of compensation especially for highly paid executives.[7]

2. Motivation:- The term "Motivation" is derived from the Latin word movere, meaning "to move" Berelson and Steiner[8] define motivation as all those inner striving conditions described as wishes, desires, drives etc .... It is an inner state that activates or moves.

Motivation according to Dunette[9] is a label for

(a) the choice to initiate effort,

(b) the choice to expend a certain amount of effort and

(c) the choice to persist in expending effort over a period of time to achieve a given performance objective.

In other words, motivation has to do with a set of variable relationships that explain the direction amplitude and persistence of an individual's behaviour. Similarly, Vroom[10] defined motivation as a process governing choices among alternative forms of voluntary activity.

3. Performance:- Performance could be define as the accomplishment of successful role achievement (behaviour) that is a person's accomplishment on tasks that comprise the person's job.[11] Another definition offered by Kast and Rosenzweig has performance as to do with effectiveness and efficiency/productivity.[12]

Effectiveness has to do with the broader concern of progress towards achieving the objectives of a programme. It may involve the production of a certain number of pieces. Performance effectiveness is a measure of task output or goal at accomplishment.

Efficiency or productivity of a programme on the other hand may be defined as the ratio of output to units of input. Performance efficiency therefore is a measure of the resource cost associated with goal accomplishment that is output realized compared to input consumed.

1.8 Plan of the Study

Chapter one contains the statement of the problem, the aims of the study, justification for research undertaking and the explanation of the scope to be covered. Hypotheses were stated and methodology to be employed in the study indicated.

Chapter two dealt mainly with reviewing the relevant literatures on various subjects of the study. These includes financial rewards and employee motivation, financial rewards and employee performance and relevant theories on motivation and performance as Hezberg's two factor theory, Vrooms expectancy theory, the Porter-Lawler model, Stacy Adam's equity theory and Robert Dubin's theory.

In Chapter three we considered the organizational perspective of financial rewards, under the following topics:- historical development and the organizational structure of Nigerian Tobacco Company Zaria, the various financial rewards schemes of NTC and External influence on the Company's Financial Rewards Schemes.

Chapter four dwell on the presentation of data that will be obtained through questionnaire and interview methods of collecting data. It was presented in tabular form.

Chapter five contains the summary and conclusion of the study. It also discusses useful suggestions for the improvement of financial rewards of the organization towards motivation and employee performance.

FOOTNOTES

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CHAPTER TWO

LITERATURE REVIEW

Strangely, in spite of the large amounts of money spent and the obvious relevance of behavioural theory for industrial compensation practices, there is probably less solid research in this area than in any other field related to workers motivation and performance. We know amazingly little about how money acts individually to affect job behaviour. Although the relevant literature is voluminous, much more has been written about the subject than is actually known.

In this review, we have attempted to identify and summarize research studies designed to show how opportunities to get money affect the way people actually do their work. It was decided to focus attention on the impact of financial rewards in motivating employee behaviour on the job. The large body of literature showing the impact of other job factors other than financial rewards on employee motivation and performance has been largely ignored. Thus, we review here those theories and studies designed to illuminate possible effects of financial compensation for inducing greater effort in the job setting, inducing employees to take jobs, persist in them or to leave them. First, we examined financial rewards

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and employee motivation, second, we considered financial rewards and employee performance, this was then followed by the examination of several theories offered to explain how financial rewards affects employee motivation and performance. In this chapter we seek to summarize and evaluate critically what is already known, to help us in suggesting direction for the study.

2.1 Financial Rewards and Employee Motivation

Motivation is one of the most researched and discussed subject areas in both public and private organizations. Researchers have sought to explain how and why people are actuated to behave in a manner supportive of organizational goals.

According to Osuagwu,[1] psychologists have been concerned with three important questions about motivation in recent years. These are:-

(1) What is within the individual or his environment that initiates and sustains his behaviour?

(2) How is behaviour initiated, directed, sustained and stopped?

(3) What are the motivational determinants of effective job performance?

Ikeagwu[2] states that management's efforts to find the determinants of motivation and performance in industry have been primarily in terms of incentives or inducements. They seem to be in no doubt that these are needed, but the difficulties really commence when it comes to deciding what form they should take. The principal research problem according to Opsanl and Dunnette[3] in this area is to discover whether money motivates and if it does, in what way does it motivate employees and how this inturn affects their behaviour.

There seems to be implicit in the belief that money can motivate however as William and Huber puts it, some researchers have failed to make the important distinction between motivation to work for financial rewards and motivation to work harder in order to earn more money. Others have arrived at the indefensible conclusion that money either is not an important motivator. Still other researchers have proceeded with little apparent recognition of the fact that money is often just one of many motives that interact in a complex way to produce a given behaviour. He concluded that if money had the same meaning to everyone, it would be easy to draw generalizations about it. However, because of money different symbolic meanings and its almost unlimited potential as a medium of exchange,

the conditions under which money motivates vary greatly[5]. To this effect William and Hubber states that money is a symbol that represents different things to different people. They represents the views of other writers who say that up to a certain point money can motivate. But other times there are certain things in life that money cannot purchase. To put it in Gellerman's words, "the important thing is that money derive its compelling power to motivate most people some of the time, and some people all of the time, from the fact that it has no intrinsic value of its own.[6]

Gellerman[7] in another write up explained that money can motivate, that is it can influence action and encourage extra effort, extra creativity or any other kind of non-routine performance. But it can do this only when the increment of earning or net gain for the employee is large enough. Opsahl and Dunnette[8] felt that there is need to investigate the relationship between the amount of money and the amount of behavior money motivates. Is there some point beyond which increases in compensation are no longer related to increases in relevant behaviour? That is, do humans show the same negatively accelerated relation between amount of reward and number of responses that lower organisms display? Or do increases in money "Whet appetite" and lead to behaviour that follows some

exponential or positively accelerated functions? They states that if we are to effectively manipulate financial rewards more information is needed about how they functions.

Contributing to the write-up on the role of money as a motivator, Charles Handy[9] classified them into three different aspects:-

Firstly, he looked at money as all embracing. Money here is seen as instrumental in the satisfaction of other needs of man, such as hunger or self-actualization. But he cautioned that the extent of the truth of this position varies between individuals and cultures. Can money act as an incentive for the "higher order" needs? The investigation of this question requires not only the discovery of the motives for which money has instrumental value but also the extent to which money can serve to fulfill or satisfy these needs.

Secondly, he viewed money as the basis for comparison. This he said is because money accompanies increase in status, responsibility, security etc and thus it is the factor that is usually measured and talked about. This seems to answer the question of to what extent money can be a primary way of dispensing feelings of achievement,

competence, power and the like? In other word; what needs are currently served by money, and what needs, not now perceived as associated with money, may it be called upon to serve?

Thirdly, money is viewed as reinforcement. To this effect, research findings from animals shows that reinforncement of desired object at regular intervals have little impact on motivation.

Widespread interest in financial rewards as a motivational tool for spurring production can be linked to the work of classical theoriest like Adam Smith. In his studies of the role of wages in productivity from an economic point of view[10], he appears to be aware of the possible effects of many intrinsic and extrinsic factors the worker's job may have on his motivation to supply effort. However, he ranked the level of wages as the most important variable affecting this phenomenon. In his view, where the level of wages is high and generous workers would be willing to overlook any disadvantageous characteristics of their level of work. He seems to believe that no sacrifice is too great for workers to make in order to achieve a high level of wages. He further argues that workers when they are liberally paid by the piece rate are very apt to over work themselves and to ruin their health and constitution in a few years - - - the desire for greater gain frequently prompted them to over work themselves and to hurt their health by excessive work.

Taylor in his work /the principle of Scientific Management"[11] appeared to have pick the gaunlet from Smith work. Taylor observed an enegetic steel worker who after putting in a 12-hour day of lifting pigs of iron would run 12 miles up a mountain side to work on his Cabin. If this excess energy could be used to produce more on the job, thought Taylor, higher profits from lower fixed costs could be used to pay the worker significantly more for his increased efforts. Such was the beginning of scientific management which is based essentially on the assumption that workers will put forth extra effort on the job to maximize their economic gains. His work was published in 1911 where he prescribes some of his principles which are meant to guide management to attain a high level of productivity. He puts it thus:-

(a) Each worker should have a large, clearly defined daily task.

(b) Standard conditions are needed to ensure the task is more easily accomplished.

(c) High payment to be made for successful completion of tasks. Workers should suffer loss when they failed to meet the standards laid down.

Taylor explained that the best way to motivate employee was to pay them using a piece rate system (and also tie their rewards directly to their output).

Jobs should also be redesigned into simple, uncomplicated tasks so that the average worker could maximise their output.

According to Osuagwu[12], by some criteria Taylor was dramatically successful. His principle baceme a guiding principles in pay practices until the late 1920s (in the developed countries) when the human relations movement in industrial psychology was unshered in with the Western Electric Studies directed by Elton Mayo. Taylor was concerned to secure maximum output for minimum cost and he achieved it. There were increases in wages, reduction in the number of workers for a target output, considerable financial saving for the company. However, critics of scientific management have it that, the scientific management approach fails to recognise that incentive systems have many side effects which may not lead to expected increases in productivity. This approach they say, fail to recognise that extrinsic rewards are not highly important to everyone, and thus not everyone will be motivated by extrinsic reward systems. According to Lawler[13] the Scientific management approach has proved to be inadequate because it ignores important individual and situational differences. It relies only on extrinsic rewards, even though these are effective motivator only

for those people who value them and only in certain situation.

More recently, the argument has been that organizations should not use financial rewards to motivate.[14] Herbert Meyer argues that organizations should not try to increase the potential valence of money because doing so destroys more powerful and useful motives such as intrinsic work motivation and the recognition that flows from promotion. Meyer supports his position by citing the laboratory research of Edward Deci, who appeared to conclude that employees can not achieve intrinsic motivation (a person is intrinsically motivated if he or she does a job to feel competent and self determining) and extrinsic (pay) motivated at the same time. There is research to support Deci[15]. In effect Meyer and those opposed to the use of pay as motivators argue that other motivations are more functional for employees and enterprises. Therefore they support a standardized pay system with no incentive pay elements.

However, Okpara[16] examining the role money plays in motivating Nigerian Workers, was of a different view than those stated above. He argues this way, that even though the role of money as a primary motivator in our culture has not been systematically documented, it is apparent

that the acquisition of wealth is a form of self-actualisation for most Nigerian workers and many others in the developing countries. For those workers money can serve to satisfy some of the egoistic needs as it has become a status symbol indicating a culmination of other successes in life. He said that it is obvious that no amount of money can ever be too much for a Nigerian worker, so also his counterparts in other developing countries. This is because in most of our cities workers are seen buying water with a salary that has no provision for water allowance. Also it was only recently that the provision for transport allowance was made. Hitherto, transport to and from work was paid from workers' yearly income or salary. He also looked at our cultural setting and concluded that with the extended family linkages and responsibilities that no amount of money will ever be sufficient for the Nigerian workers.

Financial rewards are intimately related to motivation when we view them as incentives. Incentives are the inducements placed along the course of on-going activities that keep the activities directed towards one goal rather than another. In a sense, incentives are what the employee gets from his employing organization for being a productive member, Financial rewards is an dominant factor in motivation.

2.2 Financial Rewards and Employee Performance

Many employers seek to be productive and have a motivated workforce. Total compensation can help produce a motivated workforce by tying financial rewards to performance. This section will review literatures on Financial rewards as both a content and a process of employee performance.

Schuler[17] revealed that, the primary aspect of total compensation relating most closely with motivating employees for desired behaviours is referred to as performance based pay. To differentiate the two major types of performance based pay systems or plans, the extent of the relationship between pay and performance and the measure of performance are used. The two major types of performance based pay systems are incentive pay plans and merit pay plans.

Schuler defined the merit plans as methods of financial compensation generally related to subjectively evaluated performance that represent only a small percentage increament on employee's direct compensation. And the incentive pay plans as methods of financial and non financial compensation generally related to direct indexes (e.g. outcomes) of performance for the individual group or organization and generally represent a substantial proportion of an individual direct compensation.

Traditionally, incentive pay plans have used only money as a reward. But more recently, such non financial rewards as praise, participation and feedback are also tied to performance.[18] According to Schuler although many people are rewarded by performance based pay, it is primarily under merit pay plans. Consequently, much of the total compensation people receive is not related to performance but rather to the results of the job evaluation and steps in rate ranges.[19] Agreeing with Schuler, Donnelly et al[20] wrote in their book that in most cases research findings suggest that many organizations do not do a very good job in relating pay to performance. This conclusion applies to both managers and non managers. It is surprising that in the managerial ranks, where no union exist, pay is not related to performance. This may mean that pay is not a very powerful motivator or that money is being wasted in hopes that it will motivate better managerian performance.

Describing the purpose and importance of performance based pay systems, Schuler quoting from industry week of May 4, 1981, wrote, "Money can be extremely powerful motivator of performance." People who question the motivational value of money, says TPF/C's Mr. Crystal tend to be mostly in academia or the news media. They

have a much lower greed content than executives in industry and are motivated by other things. And that's good, because if they measure their success by the money they make, they would probably kill themselves.[21] He continued by saying that studies of performance based pay system (especially incentive plans can improve performance on an average of almost 30 percent over non performance - based pay plans. Group incentive plans can increase performance 15 to 20 percent. These figures are impressive given that other personnel and human resource management programs such as goal setting, participation plans and job enrichment have less if an impact on performance. That is to say that, although goal setting and job enrichment programs are ways to increase employee performance, incentive compensation appears to be able to produce large increases in employee performance.

To Opsahl and Dunnette[22] isolating the specific effects of wage incentives on job performance is a fairly knotty process in part because, the installation of such a system sometimes is accompanied by other changes. On the basis of indications from various sources, they concluded that there is considerable evidence that the installation of wage incentive plans usually results in

greater output per hour, lower unit costs, and higher wages, as contrasted with outcomes associated with straight time payment systems. But they echo the point made above that other accompanying changes makes it difficult to filter out the exclusive effects of incentive systems as such.

Vroom[23] also concludes that the evidence generally supports the assumption that workers tend to perform more effectively if their wages are related to performance, as they are in incentive systems. (But at the same time he calls the attention to the occasional situations in which such plans have the boomerang effects of encouraging restriction at output. In reflecting on the general pattern of the effects of wage incentive plans, Vroom points out that these effects are consistent with and hence support his theory of work motivation which will be discussed later in this chapter.

Evidence about the relationship between Financial rewards and actual job performance is very sparse, and what bits and pieces of data are available tend to be peripheral rather than direct. For example, Schuster and Clark[24] report that the results of a survey of 574 professional employees in one company who were asked

to indicate their perceptions of their own annual salary growth rate compared to their peers. These comparisons were expressed on a scale ranging from "slow" or "fast". Because the respondents had been rated by their own supervisors in terms of their performance, it was possible to relate their responses to their rated performance levels. The results indicates rather clearly that in that company, perception of financial rewards was related to level of performance. This relationship might be a bit suspect on the grounds that supervisors may have had an influence in granting pay raises to those to whom they had given higher ratings, whether justified or not. Apart from this possibly contaminating influence, this relationship does however, raise the chicken-and-egg conundrum about possible cause and effect. The investigators point out that they were unable to determine from their findings which was the causal ~~var~~ variable: do individuals who are rated best by their supervisor receive higher salary levels because of their performance? or do supervisor rate the higher paid individuals higher to justify their current salary levels? One would hope that the first of these would be closest to the truth, inasmuch as it is consistent with the notion

of reward for performance, but there is as yet no overwhelming evidence that this is the case.

Looking back home at a Nigerian case, Peter Kilby[25] in 1961, published a paper on the determinants of employee performance in Nigeria Kilby on the basis of a comparative study of five rubber processing firms and a historical study of one oil palm plantation, concluded that achievable performance capacity of proficiency of Nigerian employees was not the linitational factor on labour productivity. Rather a number of management functions which includes adequate financial rewards among others appear to have been the key factor inhibiting higher employee performance. Thus if workers desire for more pay is not satisfied, the consequences among others could be reduced performance.[26]

However, situations abound as expressed by Fashina[27] where demands for better financial rewards are met and job performance still remain low below average, morale is still low, and efficiency virtually nil. This can be explained this way, that even though improvement in financial rewards can contribute to improvement in employee performance, it is one out of many other variables that contributes to Job Performance.

Performance is a function of skill, ability, knowledge, will financial rewards and situational factors. An organization may have a well paid employees yet productivity may fall below expectation. The missing factors are lack of adequate skills and knowledge, equipments, motivation etc.

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2.3 Herzberg's Two Factor Theory of Motivation.

There are several theories that have been developed in connection to motivation and they are divided into two:- content theories and process theories.

Content theories are more or less concern with the internal and external causes of behaviour. They focus on what motivates employees to work harder and become more productive. A key question with content theories of motivation is whether money can be used to induce employee to provide additional effort. Examples of content theories of motivation include Maslow's Hierarchy of Needs Theory, Herzberg's Two Factor Theory, and Mecleland's N'-Achievement Theory.

Process theories of motivation focus on how employees became motivated to work. Two important types of process theory are equity theory and instrumentality expectancy theory.

Herzberg's two factor theory of motivation is a content theory advanced by Frederick Herzberg in 1959. He based his theory on a study of need satisfactions and on the reported motivational effects of these satisfactions on 200 engineers and accountants.[28] In the study Herzberg and his associates asked the subjects to think of times when they felt especially bad about their jobs. Each employee was then asked to describe the conditions that led to these particular feelings. It was found that the employees named different kinds of conditions as causes of each of the feelings. It was based on this study Herzberg reached the following two conclusions[29]:

(1) that some conditions of a job operate primarily to dissatisfy employees when they are not present. However, the presence of these conditions does not build strong motivation. Herzberg called these maintenance factors, since they are necessary to maintain a reasonable level of satisfaction. He also noted that many of these often have been perceived by managers as factors that can motivate subordinates, but that they are infact more potent as dissatisfiers when they are absent. He listed ten maintenance factors as follows:-

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a) Pay or Salary increase,

b) Company Policy and administration.

c) Technical Supervision.

d) Interpersonal relations with supervisor.

e) Interpersonal relations with Peers.

f) Interpersonal relations with subordinates

g) Job Security

h) Personal life

i) Work conditions

j) Status.

(2) that some job conditions build high levels of motivation and job satisfaction. However, if these conditions are not present, they do not prove highly dissatisfying. Herzberg described six of these factors as motivational factors or satisfiers:-

a) Achievement

b) Recognition

c) Advancement

d) The work itself

e) The possibility of personal growth

f) Responsibility.

The motivational factors are job centered, that is they relate directly to the job itself, the individual performance, the job's responsibilities and the growth and recognition obtained from it. Maintenance factors

are peripheral to the job itself and more related to the external environment to work. Another important finding of the study is that when employees are highly motivated, they have a high tolerance for dissatisfaction arising from the peripheral factors. However, the reverse is not true.

Being more specific on pay, Herzberg postulated that money is a so-called "Maintenance/Hygiene factor" serving as a potential dissatisfier if it is not present in appropriate amounts, but not as a potential satisfier or positive motivator. According to him, improvements in salary may only remove impediments to job satisfaction but do not actually generate job satisfaction. The main value of money according to him, is that it leads to both the avoidance of economic deprivation and the avoidance of feelings of being treated unfairly. Thus, its hygienic role is one of avoiding pain and dissatisfaction ("disease") but not one of promoting heightened motivation ("health"). Herzberg suggested that salary may be viewed as a "dissatisfier" also because its impact on favourable job feelings was long-term extending over periods of several months.

According to Donnelly etal[30] the distinction between motivational and maintenance/Hygiene Factors is similar to what psychologists have described as intrinsic and extrinsic motivators. Intrinsic motivators are part of the job and occur when the employee perform the work. Extrinsic motivators are external rewards that have meaning or value after performing the work or away from the work place. They provide little, if any satisfaction when the work is being performed. Financial rewards of course is a good example of what Herzberg classifies as a maintenance factor and what some psychologists call an extrinsic motivator.

Herzberg's theory deemphasizes the importance of financial rewards as motivators. According to Herzberg, many employers waste their precious time trying to motivate employees by improving the maintenance factors which do not motivate. Monetary systems can at best produce occupational or industrial harmony but have little potential for motivating higher levels of production.

Herzberg's two factor theory has been valuable in stimulating research and concern for making work itself more rewarding. He has drawn attention to critical importance of job-centered factors in work motivation

previously given little attention by behavioural scientists. This insight has resulted in an increased interest in job enrichment, an effort to restructure jobs to increase worker satisfactions.

Critics however argue that Herzberg's inference concerning differences between dissatisfiers and motivators cannot be completely accepted and that the differences between stated sources of satisfaction and dissatisfaction in his study may have been the result of defensive processes within those responding. Critics point out that people are apt to attribute the causes of satisfaction to their own achievements, but more likely to attribute their dissatisfaction to obstacles presented by company policies or superiors than to their own defencies.[31]

Other critics believe that the two factor theory is an oversimplication of the true relationship between motivation and dissatisfaction, as well as between the s sources of job satisfaction and dissatisfaction. After a thorough critique of the published study, Campbell and his associates had this to say, that on the basis of the data, Herzberg theory has generated, it seems to be an oversimplication. Repeated analytic studies of job attitudes have failed to demonstrate the existence of

two independent factors corresponding to motivators and hygienes/maintenance.[32] Reviews of several other studies also show that one factor can cause job satisfaction for one person and job dissatisfaction for another.

Both research and logic indicate that contrary to Herzberg's theory, the factors he studied as maintenance factor, especially financial rewards do energize, sustain or direct employees effort.[33]

2.4 Vroom's Expectancy Theory of Motivation.

The expectancy theory of work motivation has its roots in the cognitive concepts of pioneering psychologists Kurt Lewin and Edward Tolman and in the choice behaviour of utility concepts from classical economic theory. However, the first to formulate an expectancy theory directly aimed at work motivation was Victor Vroom in 1964.[34]

In contrast to Herzberg's two factor theory, the expectancy theory of motivation is a process theory. Vroom attacked Herzberg's two factor theory as being too dependent on the content and context of his research subjects. Vroom proposed his expectancy theory as an alternative to the content models, which he felt were

inadequate explanations to the complex process of work motivation. The expectancy theory of motivation as presented by Vroom views motivation as a process governing choices.

The primary variables of Vroom's expectancy theory of motivation are valence, instrumentality and expectancy. Because the theory focuses on these three variables, it is sometimes called VIE theory and sometimes the product of these three variables is called motivational force. The basic assumption is that the choices made by a person among alternative courses of action are lawfully related to psychological events occuring contemporaneously with the behaviour.[35] The theory is thus obviously aimed at explaining behaviours of interest to organizations.

The theory is frequently referred to as a cognitive one in that it emphasizes the importance of the ability to think in determining voluntary activity. All told, one must consider the three primary variables of this theory in order to understand the process of motivation.

By Valence, Vroom means the strength of an individual's preference for a particular outcome. Other terms that might be used include value, incentive, attitude and expected utility. In order for valence to be positive,

the person must prefer attaining the outcome to not attaining it. A valence of zero occurs when the individual prefers not attaining the outcome to attaining it.

The second variable has to do with individual's beliefs about the connection or linkage between some activity and an outcome. It is the probability that a particular performance level will lead to a specific outcome. Perceived probabilities that link the two types of outcomes are called instrumentalities because the first level outcomes (such as high sales) are instrumental in obtaining the second level outcomes (such as high commissions). Instrumentalitiess also range of course, between Zero and one. In work environment for example, individuals would be expected to have instrumentality perceptions regarding the link between performance and potential outcomes such as salary increases. Note that there is a potentially unique instrumentality perception for each outcome.

Another major variable in the Vroom's motivational process is expectancy. It pertains to the individuals beliefs about the connection (linkage) between one's efforts to engage in an activity and the likelihood that the activity will be accomplished. These are called

expectancy perceptions, and may also be thought of as subjective probabilities. Expectancy would be Zero if a person believed that it was impossible to produce say 50 units a day, it would equal to one if a person felt certain that he or she could produce 22 units a day.

Expectancy theory states that motivation to engage in an activity will be high when an individual's expectancy perception regarding that activity is high and when instrumentality perceptions linking the activity to positively valent outcomes are high. According to the theory a person's desire to perform at any given moment depends on that person's perception of the relative worth of performance as a path to the attainment of those goals. Thus we would expect an employee to be motivated to a high work performance if that employee believed:-

1. High performance was attainable through effort (high effort-performance expectancy).
2. High performance would lead to outcomes (high performance-outcome instrumentalities).
3. The outcomes were generally attractive (positively valent outcomes).

Expectancy theory sees high performance as a means to a goal satisfaction of the worker. It also claims that motivation is a multiplicative function of the three

variables. This means that higher levels of motivation will result when valence, instrumentality and expectancy are all high than when they are low. The multiplicative assumption of the theory also implies that if anyone of the variables is zero, then the overall level of motivation will be zero. It also maintains that there must be direct linkages between actual performance and pay and that employees who are exhibiting high levels of performance should receive high pay and those producing less should receive less.

Vroom's Cognitive model of motivation has implications for understanding how money functions in affecting behaviour. According to Vroom's interpretation, money acquires valence as a result of its perceived instrumentality for obtaining other desired outcomes. Also the theory recognizes other factors like skills, abilities, individual's role perception, opportunities to perform one's job as determinants of job performance outside motivation.

The Vroom's expectancy theory like others discussed above is not devoid of inadequacies. Much as it may be realistic and consistent with the theory of Management By Objectives, it does not attempt to describe what the content

of motivation is or what the individual differences ~~ar~~ are.[36] The Vroom theory indicates only the conceptual determinants of motivation and how they are related. It does not provide specific suggestions on what motivate organizational members as the Herzberg theory and others like Maslow model have done.

There are also problems of measuring and studying the main variables in the model. How should preference be determined? How should expectancy be determined.[37] However, there is no doubt as to the theory relevance in the discussion of motivation and performance in organizations. Thus, from a theoretical standpoint, the expectancy theory seems to help managers appreciate the complexities of motivation, but it does not give the much practical help in solving their motivational problems.

2.5 The Porter-Lawler Model.

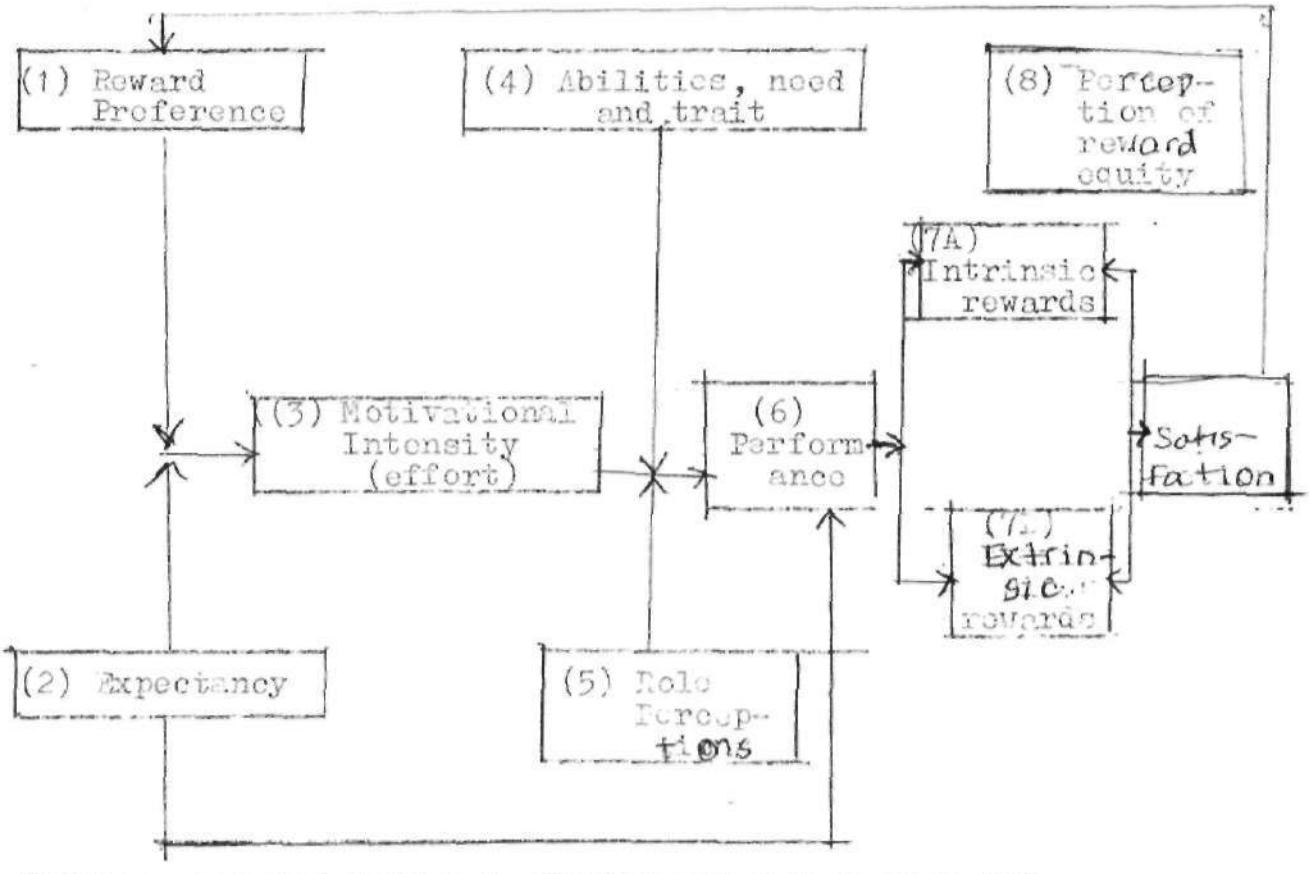
Psychologists Lyman W. Porter and Edward. E. Lawler III offer a model that attempts to integrate ideas, variables and relationships presented in other explanations of motivation, such as the two factor theory and expectancy theory.[38]

worker some satisfaction before he receives the extrinsic reward.

According to Porter and Lawler, a willing desire to perform a certain piece of work can be transformed into a sense of accomplishment or desire for self actualisation. The diagram below illustrates the Porter - Lawler model of motivation, performance and Satisfaction:

Fig. 2.1

An Integrative Motivational Model



Source: Adapted from L.W. Porter and E.E. Lawler III, Managerial Attitudes and Performance, Richard D. Irwin, Homewood Ill 1968, p. 165.

The boxes numbered 1, 2 and 3 illustrate critical expectancy theory variables. Motivational Intensity (Box 3) depends on the attractiveness (Box 1) of the reward and the perception that effort will result in reward (expectancy, Box 2).

From the diagram one can see that motivation alone does not yield successful performance. Performance of employee is mediated by ability, role perception and trait. Performance is also affected by the perception of the reward attached to it by the employee.

More important in the Porter-Lawler model is what happens after performance. The rewards that follow and how these are perceived will determine satisfaction. In otherwords, the Porter-Lawler model suggests and this is a significant turn of events from traditional thinking - that performance leads to satisfaction.

Also from the diagram one can see a feed back loop between performance and expectancy and then to motivation and back again to performance. This the model said suggests a learning or a "history" effect.

The notion of reward equity (Box 8) is affected by the level of rewards, type of rewards and the person's performance. The extent of satisfaction received is

related not only to the level and types of rewards but whether the rewards are considered fair.

The feedback loop connecting satisfaction and reward preference recycles the motivational process. Individuals are said to weigh what has occurred and will establish a level of effort for the future.

In practice, this theory may be more complex than other theories of motivation and has proved to be a difficult way to the gap of actual management practice. Certainly, it is very difficult task for management to start measuring values individual employees attach to the rewards they have for each of them as implied in the model for adequate motivation to occur in organizations. But it is certainly an adequate portrayal of the system of human motivation. While the model may not be the final word in motivation theory, it has identified some of the important variables and relationships between job attitudes and performance.

2.6 Equity Theory of Work Motivation

Equity theory may be viewed as a special case of cognitive dissonance theory and related to relative deprivation and reference group research and exchange theory.

Porter and Lawler III have worked also as equity theory and have built that concept into their thinking, but J. Stacy Adams and others have perhaps gone further in formulating some of the fundamentals of equity theory.

To review equity theory we begin with Adams.[40] He proposes that workers make social comparisons between themselves and other people in two areas: Outcomes what workers believe they and others get out of their job. For examples financial rewards. And inputs - the contributions they believe they and others make to their jobs. Inputs may include such contributions as the amount of time worked, the amount of effort expended, the number of units produced, or the qualifications one brings to the job. It is important to note that equity theory is concerned with outcomes and inputs as they are perceived by the people involved.

Adams states that inequity exists for a person whenever he perceives that the ratio of his outcomes (rewards) to inputs (efforts) and the ratio of others (co-workers) outcomes to other's inputs are unequal. Ratio refers to input - output relations, the value of the ratio is determined by the person's perceived importance of the factors. He refers to inequity as

underpayment inequity and noted that it does not come about only when the person feels cheated. For example, Adams has studied the impact that perceived overpayment has an inequity. His findings suggest that workers prefer equitable payment to overpayment. Workers on a piecerate incentive system who feel overpaid he said will reduce their productivity in order to restore equity. More likely, however, is the case of people who feel underpaid (outcome) or overworked (input) in relation to others in the work place. In the latter case, there would be motivation to restore equity in a way that may be dysfunctional from an organizational stand point.[41]

Equity is said to exist when an individual perceives the ratio of his outcome/input to be equal to that of other persons, and equitably paid workers are theorized to feel satisfied.

The following brief summary statements can provide useful understanding of, and guidelines for the role that financial rewards plays according to equity theory[42]:-

1. Overpaid hourly or salaried employees will increase their contributions by producing more as a means of reducing inequity. There are mixed findings, but the better controlled studies show support for this proposition.

2. Over paid piece-rate employee will produce a lower volume of higher quality work than equitably paid employees. This is strongly supported by the findings.

3. Under paid hourly or salaried employees will produce less to achieve a contribution - reward balance. These are mixed findings, but at least some preliminary support exists.

4. Underpaid piece-rate employees will produce a high volume of low-quality output because production of low quality output permits increasing rewards without substantially increasing contributions.

These behaviour predictions in inequitable situations are shown in the Fig. over-leaf.

Fig. 2.2

Behaviour Predictions in Inequitable Situations

Mode of Pay	Over Paid	Under Paid
Piece Work	Low output	High output
	High quality	Low quality
Hourly	High output	Low output
	Quality Increases	Quality decreases

Source: E.E. Lawler III. Pay and Organizational Effectiveness, McGraw-Hill New York 1971 pp. 92 - 96.

The research conducted by Adams and other students of equity theory is quite promising and has received signigicant laboratory research support, but much of it has been done in none industrial situations with none work groups.

One of the major problems with which equity theory must cope, therefore is the obvious fact of the large number of variables, the complexities of their interaction and the inadequacy of the operational definitions.[43] We agree with Vroom's conclusion that the complexity of equity theory makes conclusive tests difficult, and that a great deal of theoretical and methodological refinement remains to be carried out before this approach can be properly evaluated.[44]

Nonetheless, Adams is to be commended for beginning the difficult task of trying to work through some of the complexities related to understanding of how pay and employees' perceptions of pay affect the way they work on the job.[45]

2.7 Robert Dubin and Financial Rewards

The last behavioural scientist whom we consider is Robert Dubin who has some interesting views on motivation and incentives. Dubin in his work[46] looks at the organizational setting in which motivation takes place rather than at the workings of the individual personality that generate the motivation. Thus if one considers Porter and Lawler or Vroom as examining the person internally responding to externalities, Dubin's concepts of the external environment in which a particular internal motivation can be tapped nicely complements the thinking of the old and new industrial and organizational psychologists. He also has notions that point to rewards and positive reinforcers that can be drawn upon in the work environment to obtain desired behaviours.

According to Dubin, motivation is built into the person by society and by organizations through the processes by which people become socialized. Motivation

is something that moves a person to action and keeps him in a particular course of action. Motivation thus starts and maintains behaviours along a prescribed line. Forces within the person start and maintain activity. These could be drives, needs, tension states or instincts or some combination of these forces. These mechanisms are studied essentially by psychologists and physiologists, Dubin does not study them perse. He does note that the same activities can be the result of different motivating forces. Likewise, the same motivating force can give rise to widely different activities. In sum, according to Dubin, internal motivating forces start the human being in action and keep his activity going, but the determinants of particular action patterns are outside the person.

Incentives for work provide the visible rewards (pay) for staying within motivational channels in work organizations. He sees incentives as inducement placed along the course of ongoing activities that keep the activities directed towards one goal rather than towards another.

Dubin believes that people behave the way that they do in work organizations because they occupy a status

at work (carry) out roles associated with the status) and respond to incentives, i.e. they attempt to satisfy an aroused motive. He also believe that society and organizations sustain and channel motivation in a circular way. And when a person internalizes a value, norm, goal or behaviour pattern, these become guides for future activity. Internalization means essentially putting modes of activities in thought ways "inside" the social personality. The activities and thoughtways thus have their origins in social experience such as in jobs in work organizations.

Social experience provides the substance internalized by the person. Once internalized, the behaviour patterns and thoughtways become the motivational bases for future behaviour. After they are learned, the social behaviour patterns and thoughtways become the motivational bases for future behaviour. After they are learned, the social behaviour patterns become the person's chosen channels for initiating, sustaining and completing activities. Financial rewards become incentives for staying in motivational channels. Management can thus "reward" employees or "motivate them" to perform in a work organization by paying them for desired performance.

The essential contribution of Dubin is of course, that he has pointed out an orientation to pay planning and administration that can be viewed in the context of motivation in industry without probing the psyche of the individual.

While we commend all the efforts of the authors of the literatures we have so far reviewed, we realised that motivation theories can lead to three answer - Yes, No ot it depends - to the question: Does financial rewards motivate? The second part of the question is Do effective financial rewards systems leads to improve performance and thus job attraction, lower turnover and job retention?

The next chapter is devoted to an exposition of the organization's (in this case Nigerian Tobacco Company) perspective of financial rewards. It examined the different types of financial rewards plans of the organization, the historical development of the company and various external influences that affect the financial reward schemes of the organization.

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CHAPTER THREE

THE FINANCIAL SYSTEM OF NIGERIAN TOBACCO COMPANY:

In the previous chapter, an attempt was made to survey relevant literatures relating financial rewards to employee motivation and performance. Also in probing for some understanding of the manner in which financial rewards serve as an incentive to employees in relation to their work behaviour, several theories were examined.

In this chapter financial rewards in Nigerian Tobacco Company are examined. To put these rewards in perspective, the historical development and organizational structure of Nigerian Tobacco Company are first examined. Secondly the different financial rewards schemes are analysed, finally the external influence on the organization's financial reward system is examined. Thus this chapter consists of three sections with the following subheadings:-

1) Historical Development and the organizational structure of Nigerian Tobacco Company (NTC) Zaria

2) The various financial rewards schemes of Nigerian Tobacco Company

3) External influence on the company's financial rewards system.

3.1 HISTORICAL DEVELOPMENT AND THE ORGANIZATIONAL STRUCTURE OF NIGERIAN TOBACCO COMPANY(NTC) ZARIA:

Nigerian Tobacco Company (NTC) was incorporated as the successor of British American Tobacco Company (BAT) in March 1951. In May 1960, NTC became a public company when BAT offered for sale to the public in Nigeria some of the ordinary stock of NTC. This followed with selling of more shares to the public in 1964 and hence after, that is by December 1980 the number of NTC stockholders in Nigeria stood at about 50,000.[1] The company's present issued and paid up capital is over 25 million and its stock is dealt in on the Nigerian Stock Exchange. The company has grown in strength and in size over the years that its profit after tax for the year ending December 1992 and 1993 stood at ₦124,507,000 and ₦258,131,000 respectively. A percentage growth of 207.32[2].

Nigerian Tobacco Company initially had three modern factories at Ibadan (opened in 1937), Portharcourt (opened in 1956) and Zaria (opened in 1959). But on 30th September 1982, the Portharcourt factory was closed down. NTC has its head office in Lagos and that is its administrative headquarter. It also has over twenty offices and installations for sales and leaf growing operation all over the country. Its distribution network can also be found in

all the States of the Federation and the company is also expanding its distribution network to include some countries in the West African sub-region.

The Northern Region of Nigerian Tobacco Company, otherwise known as Zaria branch or Zaria was completely modernized in 1973 and in 1982 a ten million Naira Green Leaf Threshing Plant (GLT) for processing leaf tobacco was installed. Also in 1983 a modern primary manufacturing unit was installed, making the Zaria factory one of the most modern manufacturing factories in black Africa. The Zaria factory is the head of production and has a well equipped laboratory, a clinic, a cafeteria service, a bank and a computer system.

The basic mission of the company is to develop tobacco business by:

a) Satisfying Customers with an appropriate range of high quality products and services;

b) Working with suppliers to continuously improve standards;

c) Nurturing the skills and enthusiam of employees and striving to meet their expectations;

d) Adequately rewarding stockholders.

In response to the changing business environment the company decided in 1993 to adopt the philosophy of Total Quality Management (TQM). TQM emphasises customer orientation in all activities and functions

in the company. It also implies the adoption of continuous product quality improvement and customer satisfaction. The company in endevourring to meet the ever changing needs of the customer has giving product quality top priority in all its operations and by initiating a TQM awareness programme directed by the Lagos Business School. The idea is to School employees at all levels to Think Quality and CUSTOMER SATISFACTION. CUSTOMER is now redefine to include the internal customer that is colleagues within the organization who depend on individual tasks being done well in order to do their own jobs.

This concept of an internal customer relationship is translated into improved co-operation in the work place, team spirit and pride in workmanship. All these are intended to initiate an emergence of better trained, well motivated and proactive workforce in the future.

NTC factories in Zaria and Ibadan are well equipped to process and manufacture the following high standard tobacco and cigarettes desired by consumers:- John Player's Goldleaf, Benson and Hedges special filter, Benson and Hedges Luxury, Menthol, Mars (S & M), Three Rings Filter and Three Rings Plain, Excel and Gallon. To further harmonize the integration of people, processes and production facilities, NTC makes significant investments every year in modern cigarette

making and packing machinery and they now have the capability to produce better quality products, faster and more efficiently.

The company has been into tobacco growing on a commercial scale and for many years now it has produced 95 percent of its tobacco locally, importing only small quantities of special types of tobacco for blending with Nigerian Tobacco in its top class international brand- Benson and Hedges.[3]

The company accords priority also to Health and safety in its operations. Health and safety committees exist at all levels of the company and in all locations and have as their cardinal aim in this aspect to make the company a safe and totally accident free place to work in.

Safety training sessions concentrate on increasing employee awareness of potentially unsafe working conditions and to proactively seek to eliminate them whereever they occur. Considerable importance is attached to all employees acquiring hands-on experience in the use of safety equipment. A comprehensive safety manual has been issued to all employees. Translations into local languages are available mainly for use by farmers. Contractors working for the company in any of its locations are issued separate safety instructions and are required

to enter into an undertaking to observe them at all times. Where appropriate, protective clothing and equipment are provided for employees. Also it is mandatory to use protective equipment in designated areas in the factories.

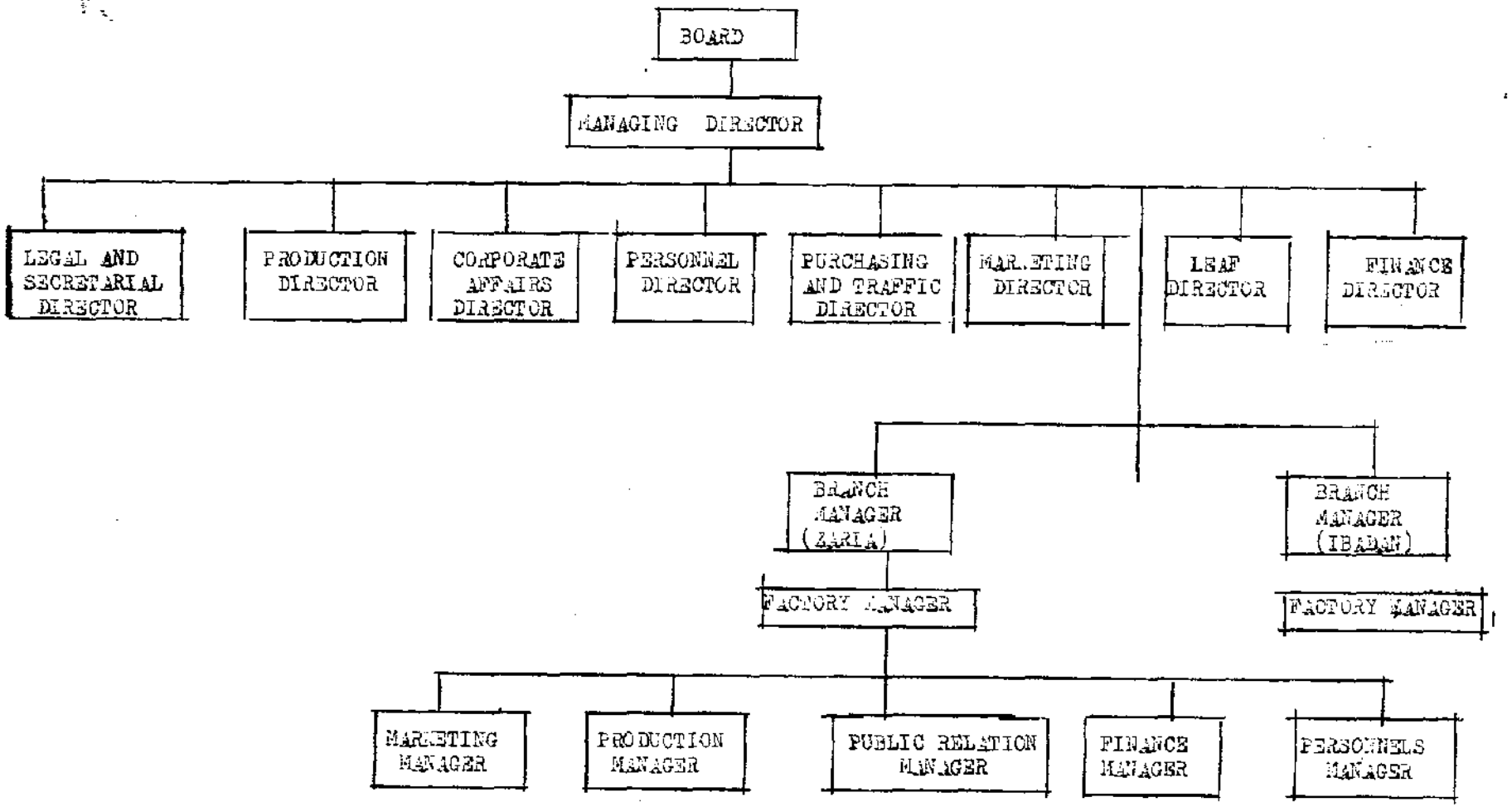
There are a total of 1526 staff in the employment of Nigerian Tobacco Company Zaria as of June 1994. Of this number, seven hundred and seventy are of permanent staff while the rest are either casual contractors staff (ie casuals employed by casual contractors) and seasonal workers. Out of the seven hundred and seventy permanent employed staff, sixty are of the management level, two hundred and seventy-eight are of supervisory level and four hundred and thirty-two are junior staff.

The company has a unique organizational structure. It is headed by a Managing Director and directly reporting to him are Directors and Heads of Departments of the Legal/Secretarial, Production, Corporate Affairs, Personnel, Marketing, Purchasing and Traffic, Leaf and Finance who have equal status and are all resident in Lagos. Each of the two plants in Zaria and Ibadan is headed by a branch manager who reports directly to the Managing Director at the headquarter. The two plants also have factory managers who report directly to the production manager at the headquarter. Under the branch and factory managers

are functional heads who report administratively to the headquarter. The organizational arrangement of the company is shown below:

FIGURE 3.1

ORGANIZATIONAL CHART OF NIGERIAN TOBACCO COMPANY



The Leaf Department, Production Department and Marketing Department are regarded as the core departments while the Personnel Department, Finance/ Accounting and others are services department.

The key functions of the five main department are as follows:-

Leaf Department:

i) To procure leaf in adequate quality and quantity to sustain production department's requirement.

ii) To manage the product recipe.

iii) To export leaf.

iv) To subsidies farm inputs for farmers.

Production Department:

i) To produce cigarette in the right quantity in the right mix at the right time at the right quality, to meet marketing department requirement.

ii) To render engineering services to all department of the company.

iii) To maintain the production machines and minimise wastages.

Marketing Department:

i) To sell the company's product

ii) To maintain and to improve the corporate products market share through advertising, sales promotion andmarket research.

iii) Prospect for new products - New Brand development.

Accounting Department:

i) Ensure that adequate books and records are maintained by the company so that accurate financial statements may be prepared for both management and stockholders and ensure that the company's records are adequate for the safeguarding of its assets and for the control of its revenue and expenditure. Example of the books are:- shareholders register, government for tax, Employees staff, farmers etc, banks, suppliers of goods and services, stock taking and inventories.

ii) Provide the management of all departments with adequate financial information to enable them to assess past performance and to formulate future policies.

iii) Introduce and maintain accounting systems which will prevent loss by fraud or wastage in any sphere of the company's activities.

iv) Prepare monthly accounts by the earliest possible date and accurately record the operations of the company.

v) Ensure that all the company's assets and interest are adequately covered by insurance policies.

vi) Ensure that periodic forecast of the company's profitability and cash position are drawn up.

vii) Ensure that government legislation affecting the company's activities is strictly adhered to and that adequate returns for taxation and excise duties are made to the appropriate government departments.

viii) Advise on the financial implications of both existing and proposed board policies and continuously consider whether the assets of the company are being used to full advantage.

ix) Introduce and maintain efficient mechanised and other systems and keep abreast of modern accounting and financial techniques and practices.

x) Prepare half yearly and annual accounts in the form required by the principal stockholders and prepare the annual report and accounts for publication to all stockholders:- Profit and loss accounts, balance sheet, annual reports, annual general meeting.

xi) Ensure the profitability of all proposed brands and blends.

xii) Appraise the profitability and feasibility of all major investments.

xiii) Ensure that up-to-date standing instructions are available to all members of management.

xiv) Lastly the department is responsible for the preparation of salary and other payments as contractual obligations and purchases orders.

Personnel Department: - 176769

i) Ensure that the staffing of thecompany is appropriate to the company's objectives

ii) Maintain procedures of recruitment, selection, placement, appraisal and compensation which will ensure the availability of staff in numbers, skills and abilities suited to the requirement for each job.

iii) Provide facilities for an advise on induction, training and development of staff at all levels in such a way as to ensure succession and enable individuals to understand and utilize the full potential of physical and mental abilities. This also includes ensuring the provision of conditions in which individuals will respond to challenge, variety, interest, achievement, responsibility and completeness.

iv) Arrange for wages/salaries, employment contracts, working conditions, amenities and retirement benefits.

v) Provides a range of services to management and also advise management on industrial relations

and help to facilitate consultation with employees and where appropriate undertake negotiations on behalf of the company

3.2 THE VARIOUS FINANCIAL REWARDS SCHEMES OF NIGERIAN TOBACCO COMPANY ZARIA:

It is probably safe to begin by saying that no two organizations have exactly the same philosophy and methods for structuring their compensation schemes in an attempt to induce extra effort from employee. Infact compensation specialists have tried thousands of different combinations of pay and employee benefits to motivate high level of job performance.

An examination of Nigerian Tobacco Company various compensation schemes reveals that it deals with issues such as the amount the company will pay its employee relative to other companies (ie the pay level decision), the manner in which pay within the company will be determined (ie the pay structure and job evaluation decisions), the use of incentive programs, the nature of employee benefits and deferred compensation programs and the administration of the program.

In an interview with the Factory Personnel Manager we gathered that NTC depend largely on human resource for output and profit. To this, the organization view

financial rewards offered to his employee as an investment in human capital rather than as a cost. And the dividend reaped from the proper use of this investment will be a stable and productive workforce. This is in further emphasise on the company's watch word, which is:- "PEOPLE ARE OUR MOST IMPORTANT ASSET".

NTC obviously recognise the fact that motivation and quality of employee combine with advancement in technology to achieve expected goals. To the organization, wages as well as fringe benefits constitute the cost of labour which can be a very significant proportion of total operating costs. NTC have tried even in the face of a declining receipts to temper very little with its labour costs. The organization also feels that it is a blunder for any organization or management to thimk that all is well with its employees once they are paid their salaries. Salaries are not enough to motivate workers to put in their best towards the organization's goals. Salaries they feel must be accompanied by certain "Motivational Factors".

Nigerian Tobacco Company claims to pay attrative and competitive salaries and fringe benefits. In addition to this hardwork, long service, and dedication on the part of the employees are recognised and well rewarded. The company gives an across the board 13th Month salary for both management and workers annually. Also double salary increments are awarded annually to exceptionally good

employees, average or moderate performance attracts a single increment, while poor performance does not attract any increase at the end of the year.

Long service awards are given annually in colourful and well covered price-giving ceremonies. Prizes are awarded in cash and kind and accompanied by certificates of merit. This is a way the company shows his appreciation for long serving employees and the minimum years of service to attract a reward is 10-years and followed by every 5 years.

In NTC, salaries are paid to the permanent employees while to the casual contractors and seasonal employees wages are paid. The reason for paying salaries to permanent staff is to provide greater income security for employees (since employees will not lose pay because of illness, accidents etc). With effect from 1st February 1994, wages in respect of casuals are as follows:-

1. Labour:

a)	Skilled Labour	-	₦38.00 per working days.
b)	Unskilled Labour	-	₦35.00 per working days.
c)	Casual Secnritymen	-	₦44.00 per working days
d)	Casual Drivers	-	₦910.00 per month
	And in Lagos and Abuja	-	₦1600 per month.

2. Transport and Lunch Allowances:

a. Transport allowance

Casual workers within Lagos and Abuja

1. Process and Generals (P & Gs)111-1 -₦17.00 per working day

2. Groups A - E -₦18.00 per working day

3. Senior staff(SS)111-1 -₦21.00 per working day.

All casual/security workers in Lagos and Abuja - ₦17.00 per working day.

All casual/security workers outside Lagos (not with casual contractors) - ₦14.00 per working day.

b. Lunch Allowance

All casual/security workers in Lagos and Abuja - ₦11.00 per working day.

Security in factory locations - ₦14.00 per working day.

3. Wages for Casual Contractors' Staff

a. Night Watchman - ₦1750.00 per month.

b. Other casuals in the f factories - ₦1750 per month.

They are also entitled to extra duty allowance.

For the permanent staff its conditions of service includes, the basic pay, shift pay, overtime pay,

housing allowance, transport allowance, extraduty allowance, gas and electricity allowance, gardner and domestic staff allowance (for senior management staff), expatriate allowance (for expatriate staff), leave allowance, travelling allowance, christmas and sallah bonuses, retirement benefit. In addition economic relief are paid to every employee.

Incentive plans for managers in particular takes the form of cash bonuses for good performance and stock options. A stock option is an opportunity for a manager to buy stock of the company at a later date but at a price established when the option is granted. The idea is that managers will work harder to increase their performance and the profitability of the company (thus increasing the price of the company's stock) if they can share in the profits over the long run. If the market price of the stock increases overtime, managers can use their options to buy the stock at a lower price and to realize financial gain.

In addition to all these financial incentives, the company also pays particular attention to the welfare of its staff. Free mid day meals for those on morning shift are provided and for all during common hours and free evening dinner for those on evening shift are provided in the canteens for both management and non management staff who work in the

factory location. Daily lunch subsidies are paid to those who work outside the factory. The company also provide free medical services for all its workers, either at approved hospital or at its clinics situated in the factory locations. Medical expenses of employees families are heavily subsidised. Recreational facilities are also provided in form of club houses. There are club houses for staff and management with facilities like lawn tennis, table tennis, and foot ball.

The company in relating pay to pay levels paid for comparable jobs in other companies, also consider other factors as performance/merit, financial ability to pay, seniority and cost-of-living adjustments. The company also determine its pay structure for its staffs as relating to the different existing jobs in the company. The following are the new pay structure of the company.

JS1,- JS II, JS III, JS IV

SS I, SS II, SS III.

SSF, SSG, SSH,

SS T-2, SST-1

Secretarial Assistant

Group 06, Group 07, Group 08, Group 09, Group 10, Group 11 - Group 17.

JS signifies Junior staff while SS stand for senior staff. The junior staff grade 1 - IV where formerly refered to as P & Gs 1 - IV. The management staff - are in the secretarial assitant grade and group 06 - 17. Information on the amount earned by each grade were not gotten, since they were termed "confidential".

NTC's people are viewed as part of one family. The NTC FAMILY. Thus the communication lines span NTCs staff and others with an interest in the business. The company magazine carries news about staff.

3.3 EXTERNAL INFLUENCE ON THE COMPANY'S FINANCIAL REWARDS SYSTEM:

A number of factors influence the amount of financial rewards that workers receive. Among these are external labor markets and the firm's demand for labor, organizational factors, individual abilities and skills, individual differences in motivation and job performance and labor union. In this section we will be considering the individual skills and abilities as it relates to the organization's financial rewards. Thus we will be looking at merit as determined by performance appraisal, training and development and the labor union.

3.31 Performance Appraisal:

One method of assessing job performance is a system of performance appraisal or evaluation. In assessing an organization's performance appraisal system, it requires the examination of several aspects of the entire system. The following question can provide an assessement of the specific compenents:-

i) What purposes does the organization want its performance appraisal system to serve?

ii) Do the appraisal forms really elicit the information toserve these purposes? Are these forms compatible with the jobs for which they are being used) ie are they job related? Are the forms based upon behaviour or outcomes that might be included in a critical incident job analysis?

Nigerian Tobacco Company Zaria uses a formal appraisal system designed in a questionnaire format. The questionnaire are normally tailored to specific jobs as found in the company and so the different jobs like the P & Gs (process and general), drivers, staffs on group A -E, field staff of the leaf department, Zonal/sales representatives and senior staff have their appraisal forms. And specimen of each are shown in the appendix. The staffs are rated based on their production units/output as compared to the machine efficiency/ capability they work with, target, turnover/sales,

cost effectiveness or savings below budget. The direct supervisors to each employee normally conduct the appraisal once a year.

Management explained that the use of productivity and cost effectiveness measures have shown to have more credibility and are more valid. This is because they are more visible and verifiable than the traditional supervisor ratings. Also they are more likely to link financial rewards to job performance.

Concering the purpose of conducting a performance appraisal on their employee. The company makes use of the information gotten from the appraisal as input for evaluation decision and development intentions. Evaluation decisions includes - Salary increases or decreases, demotions, lay offs, promotions, and terminations. While development intentions includes; spotting training needs, motivating employee to improve, providing feedback, counseling of employees and spotting performance deficiences. Employees of the company, both supervisors and subordinates do respond to the questionnaire designed for them. As indicated in the form, the scoring of the employee are in the ranges of A - E. A for outstanding (5 marks), B for Above Average (4 marks), C for Average (3 marks), D for below Average (2 marks) and E for poor (1 marks). The new emphasis on performance appraisal by the company is on objective appraisal of performance. And thus

the appraisal system do interact effectively with the reward system. Payment by results wherever the direct contribution of an employee is measurable has decided advantages for production, provided the pre-requisites for its success are observed: effective supervision of quantity and quality of output. The measures used can be influenced by an individual's behaviour and the persons being evaluated have an opportunity to participate in the appraisal processes.

3.3.2 Training and Development:

However automated an enterprise may be, high performance depends upon the effectiveness of the work force. It is essential, therefore that they should have good initial training for their respective roles. Perhaps more important, is that the enterprise should have a well thoughtout and programmed training and re-training schemes. The objective should be to give opportunity to every employee for improvement and self development to meet the ever changing challenges and requirements of new equipment and new requirements of production and management.

Staff training and development is a major aspect of the Nigerian Tobacco Company's policy. NTC has comprehensive training programmes both at home and abroad for its staff and they do commit a lot of fund into it. It has a training centre at Ibadan where most grades of staff are trained. The training centre is

fully equipped with machines and materials to ensure practical training. Employees are also sent on courses organized by professional bodies and private training establishment, polytechnics and universities. For the more advanced and specialised training the company's staff are sent oversea either to B.A.T. group training centre in England or on attachment to associated companies in other countries where the group operates. Oversea training is now very limited because of the high cost of obtaining foreign exchange.

Sometimes when new machines are purchased, experts from the company of purchase accompany the equipment to NTC factory house to install and carry out necessary training required to operate these machines. Going hand in hand with the formal training is a process of development designed to bring out the personal qualities ~~neces~~ necessary if a man is to take on increased responsibility, and extend and utilise his abilities to the full. The programme has also assisted the company in its Nigerianisation policy. There is a scheme under which NTC exchanges selected senior and middle level managers with their counterparts in associated companies for a tour duty with the intention of exposing the employees to improve skills

and develop in them an international outlook which will make them more receptive to new ideas and techniques. The company also host international courses at the Training Centre in Ibadan. The courses are now frequently organised for NTC staff and other BATCO associated companies in Africa.

Additional training and development affects pay and then performance. In her study of Personnel Management in Nigerian Tobacco Company Zaria: Recruitment and training, Peters.[4] found out that all the sampled employee have one time or the other been sent on a training programme. As a result the employees agreed that this has helped improve their performance on the jobs. Consequently, they have enjoyed increased job satisfaction. Because of the company attachment of great importance to training and development. It is nickname, "Nigerian Training Company".

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3.3.3 The Labour Union

Another important external influence on the Company's compensation policy is the labour union. Unions generally are known to be pace setter in the demands for pay, benefits and working conditions. The sensitive

impact of wages or industrial relations demands that the formulation and enforcement of a fair wage policy should be a matter of central importance whether at the national, industrial, or the enterprise level. The essence of such a wage policy should be to establish coherent and acceptable principles for continuous application in determining the levels of wages, how these can be changed, on what basis, to what extent and how often.

Wage constitutes the kernel of the employment contract and therefore, the basis element in industrial relations. Labour Union do make a difference in pay levels, pay structure and employee benefits. They have an important impact on pay structures through their emphasis on seniority in pay decisions. Most Union leaders would however de-emphasize merit and job performance in determining individual pay increases and promotions and instead use seniority to make such pay decisions and promotions.

In the local chapter of NTC Union at Zaria, the officials claim to have limited scope of operation on which they can negotiate Management on behalf of member. The issue of salary and wages are not inclusive. They are issue for the national level and theirs is to pass

the information on agreement reached with management on such issue to their members in Zaria. The Union operates a closed shop and membership dues are subtracted from members payslip.

FOOTNOTES

1. Nigerian Tobacco Company, NTC at a Glance: Agriculture, Manufacturing and other Activities, NTC Publication pp. 6 - 7.

2. Nigerian Tobacco Company, 1993 Annual Report and Accounts, NTC Lagos. pp. 12 - 13.

3. Esosu Bob Osaze, Nigerian Corporate Policy and Strategic Management: Text and Cases, Sharp Print (Nig.) Ltd 1991 p. 230.

4. Emily D. Peters (Mrs), "Personnel Management in Nigerian Tobacco Company (NTC) Zaria:- Recruitment and Training", Unpublished P.G.D.P.A. Project, Department of Public Administration, A.B.U., Zaria, 1990.

CHAPTER FOUR

ANALYSIS OF QUESTIONNAIRE RESPONSES:

Having examined the Nigerian Tobacco Company perspective of financial rewards·- NTC various financial rewards schemes and the organizational structure and the external influences on the organization's financial rewards schemes in the previous chapter, this chapter is devoted to presenting and analysing data collected from the survey questionnaires for employees of Nigerian Tobacco Company Zaria. Keeping close in sight the objective and hypothesis stated in chapter one of the study.

All investigation were conducted at NTC Zaria. Interview were conducted by the researcher with both management, supervisors and junior staffs. A sample questionnaire size of 200 were administered and 180 were received. Thus our analysis was based on the 180 respondents.

4.1 PERSONAL CHARACTERISTICS:

4.1.1 Sex, Marital Status and Number of dependent·

In our questionnaire we were interested in examining the sex distribution of respondents, his or her marital status and number of dependents. This is because we assume that the degree of importance attached to financial rewards depends on such employee's personal characteristics. Likewise, the extent to which financial rewards motivate employee to work harder and derive satisfaction from the job are a function of some of these factors.

From the results obtained, 92 percent of our respondent were males and 8 percent females. The company being a manufacturing organization obviously require highly technical skills, which explain the very few number of females, since Nigerian Women are only just beginning to make a break through in the area of science and technology. However, from complementary interviews it was gathered from both male and female respondents that their sexuality has no significant relevance on the impact of financial rewards on their motivation and performance.

Concerning their marital status, about 87 percent indicated being married and having five to seven children in both primary and secondary schools. About 30 percent of the married ones have two to five children in the post secondary schools. All the respondents living with then. From interview source, majority of the employees agreed that the amount of financial rewards they receive not only determines their standard of living and that of their families, but to a large extent also determine their social status. Thus the financial rewards they receive, provide them with income to live in their community. They view higher pay as an indicator of progress, worth and status. And also as equity measures

telling the company is relative to others and to their own performance.

4.1.2 Education:

TABLE 4.1

EDUCATIONAL ATTAINMENT

FACTORS/VARIABLES	FREQUENCY	PERCENTAGE
Level of Education		
i) University Degree	17	9.4
ii) Polytechnic/Professional	55	30.6
iii) Secondary/Technical	64	35.6
iv) Primary School	35	19.4
v) Illiterate	9	5.0
TOTAL	180	100.0

SOURCE: Survey by Researcher.

Table 4.1 shows that 95 percent (i - iv) of the employees are literate with the highest percentage having asecondary/Technical education ie 35.6 percent. This is followed by those having Polytechnic/Professional education ie 30.6 percent.

The implications of this are numerous. First it is clear that greater privileges to income is determined

significantly by the level of education and one's occupational position. The higher the degree of enlightenment the higher the expectations and aspirations such that these revolve mostly around what Maslow described as the higher order needs. Secondly, the degree of importance attached to financial rewards will depend on an employee education and circumstances (financial condition - and accustomed lifestyle). Thirdly the degree of perception of financial rewards by individual employee will also be determined by his educational qualification. Also educational qualification is a resource useful for good performance on the job . Most of the employees interviewed commended the efforts of management over training. They said this provision has been a great source of their educational upliftment, accelerated promotion and higher financial rewards.

4.1.3 Job Status:

The next characteristic of our respondents that were explored at the time of completing the questionnaire was their various job statuses and their present salary.

TABLE 4.2

SALARY SCALE OF RESPONDENTS

INCOME PER ANNUM	RESPONSE FREQUENCY	PERCENT IN SAMPLE
₦1,000- ₦5,000	155	86.1
5,001- 10,000	15	8.3
10,000 - above	10	5.6
TOTAL	180	100.0

SOURCE: Survey by Researcher.

The above salary ranges as shown in table 4.2 are basic salaries without all the other fringe benefits and allowances that go with the job. The fringe benefits are almost as high as half the basic salary and in some cases even higher. Of the 180 respondents, only 10 respondents, that is 5.6 percent fall within the salary range of between ₦10,000 and above, while 15 respondents that is 8.3 percent fall within the salary range of between ₦5001 to ₦10,000. The majority of the respondents i.e 36.1 percent fall within the ₦1,000 to ₦5,000 bracket.

We followed up these responses with interview, on which of the financial rewards scheme will the respondents want increased. From the reports it was clear that fringe benefits such as transportation allowance,

housing allowance, leave allowance, christmas bonus, etc compared with basic pay generally tend to rank low in the estimation of the employee, although they may occassionally generate heat or even storm. In the survey it was revealed that at least 90 percent of the respondents would rather have a 20 percent increase in their basic wages or salaries than fringe benefits equivalent to as much as 50 percent of such wages.

The reasons we can duduced for this, being that they see the payment of fringe benefits such as christmas and sallah bonuses, transport allowance, leave allowance, housing allowance etc as not contractual and therefore could not be enforced. Also they are seen as savouring mere benevelence on the part of the employer, where as infact they dervied like wages from the effort of the workers. That some of the payments, particularly bonuses were unreliable and uncertain and the worker could not therefore plan his long-term expectations and commitments on such a source of income. Retirement benefits, gratuities and other benefits that see the employee home at old age are also calculated on basic salaries at retirement and not on allwances and bonuses.

From responses obtained concerning their job statuses, 14 percent were of management staffs, 30 percent of supervisor cadre and 56 percent of them are of junior staffs. These shows that our questionnaire respondent cut across all cadre of staffs of Nigerian Tobacco Company Zaria.

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It seems that every status generates its own bundle of expectations for the organization. So the expectations of the management staffs were different from that of junior staffs The lists of what the management expects to achieve in their job where unlimited and included financial rewards, job security, challenges, responsibility and autonomy, comfortable and clean work environment, prospect for training and development, opportunity for promotion, internal policies of NTC, the job itself etc. For the junior staffs their expectations includes, financial rewards, job security, a fair and accommodating boss, welfare facilities etc. However, their own list is limited. Therefore, because of the taste and lifestyle of management staffs more motivational appeals will be required to motivate them to work than the junior staff. Also more financial rewards will be required to motivate the senior staffs.

The Junior staffs have been limited in their expectations mainly because of their educational qualifications, length of service, job status and income level. This is in support of the view of Gellerman (1963) statement of how money function in industry. According to him, Money in itself has no intrinsic meaning and acquires significant motivating power only when it comes to symbolize intangible goals. Money acts as a symbol in different ways for different persons and for the same person at different times.[2] Gellerman presented the interesting notion that money can be interpreted as a projective device - a man's reaction to money "summarizes his biography to date: his early economic environment, his competence, training, the various non-financial motives he has acquired and his current financial status. Gellerman's evidence was largely anecdotal, but nonetheless rather convicing.

However, the junior staffs expressed that money is satisfiable and that no amount of financial rewards given to them will satisfy all their needs. That even though they are limited by some factors, they also aims for lower order needs as well as some higher order needs such as advancement that goes along with higher pay and responsibility. All the respondents complained about the low

purchasing power of their pay in the face of the galloping inflation ravaging the Nigerian economy. Money is seen as serving both lower order needs and higher order needs as identified by Maslow. Society values individuals in monetary terms and equates status with money, higher pay provides ego enhancement, organisations administer pay as reinforcement for achievement of goals, pay is perceived as a reward for performance and performance is perceived as a path to employee goals.[3]

To meet these ends, pay of course must serve as an incentive that is perceived as fulfilling all needs of employees. In this regard it is obvious that financial rewards is instrumental for the satisfaction of needs.

4.2 JOB ATTRACTION AND RETENTION:

TABLE 4.3

RESPONDENTS LENGTH OF SERVICE

PERIOD	RESPONSE FREQUENCY	PERCENT IN SAMPLE
Less than one year	13	7.2
1 - 5 years	22	12.2
6 - 10 years	70	38.9
above 10 years	75	41.7
TOTAL	180	100.0

SOURCE: Survey by Researcher.

Responding to the question on the length of service of respondents in NTC, from the table above, 7.2 percent indicated to have worked with NTC for periods of under one year, 12.2 percent for period of one to five years, 38.9 percent for period of six to ten years and majority that is 41.7 percent have been in the employment of NTC for period of above ten years. Considering that 80.6 percent of the respondents have worked in NTC for over six years, it can be deduced from this, that majority of the respondents have had to grow with the organization. Also, they have been long enough in the organisation to have sufficient knowledge and understanding on the different motivational appeals of Nigerian Tobacco Company. They are therefore qualified to furnish us with reliable information concerning the impact of these appeals to their behaviours to work.

We also asked our respondents whether NTC is their first employer. The result were as follows. Out of the 180 respondents, 110 respondents that is 61.1 percent answered yes, while the remaining 70 respondent which is 38.9 percent answered NO. Which mean that the later group must have worked at other place(s) before joining

the services of NTC. To this later group, their reasons for leaving their former employment varies from seeking for attractive salary or better pay, better working condition, challenging job, to seeking for organization with better prospect to promotion and job security. However the sought for better pay, or higher pay and job security ranked first and second in almost all their list. To the first group who have been working for the organization since they took up employment, the present employment situation in the country which has not giving room for job mobility might have been their reason for remaining in the company. Moreover, workers trained in tobacco industry have few organizations to which they can fit in this country. Presently there are only two cigarrette companies in the country. This makes the mobility within the industry difficult. Also we can conclude that they are satisfied working for the company.

For those who have Switched over job to NTC, they must have brought to their present employment experiences, skills gained at their previous work places and also other attitudes and unsatisfied needs as they listed, which they expected their present employer/employment a fulfill.

While it is recognised that our respondents have been in the service of NTC for some period or for some time, we were particularly interested in knowing the major factor(s) that attracted them to taking up employment with the company. In doing this, we gave our respondents a list of options from which to make choices or mention (if any) other possible factors that attracted them to NTC. For the purpose of analysis we have summarised the responses according to the number of times they appear in the questionnaire in table 4.4.

TABLE 4.4

JOB ATTRACTION FACTORS OF RESPONDENTS

FACTORS/VARIABLES	CUMULATIVE RESPONSE FREQUENCY	PERCENT IN SAMPLE
Prospects of training Opportunities	50	5.8
Prospects of rapid promotion	170	19.8
Attractive Salary Structure	178	20.7
Enjoyment of the Work	30	3.5
The Working Condition	150	17.5
The Supervision	45	5.2
Job Security	120	14.0
Socio Cultural and/or geographical Location	70	8.1
Nothing in Particular	2	0.2
Others (Unemployment)	45	5.2
CUMULATIVE SCORE	860	100.0

An examination of table 4.4 shows that all our respondents were attracted into the employment of Nigerian Tobacco Company on the strength of many pull job factors. However some pull job factors are more significantly higher than the others From the table, attractive salary structure ranked first with 178 out of 180 respondents. This is followed by prospect, of rapid promotion with 170 tallies and next is the working condition with 150 tallies and job security with 120 tallies.

Judging from the pattern of responses, it was obvious that only a minority of our respondents were primarily attracted by prospects of training and developments, enjoyment of the work, supervision, and unemployment.

From the unstructured interview with respondents, the researcher found that rapid promotion which came second in ranking, and working condition which ranked as third job factor were interpreted to mean increase in pay, better financial rewards and more incentives.

The significance of financial rewards as a major factor of attracting of respondents to employment is explained by the fact that in the labor market individuals have certain potentialities, skills or other qualities that they seek to "sell" to prospective employer. Inturn,

the intent of employing organizations is to offer wages that will attract personnel who can perform the job that are available. Thus, the proffered wages are intended to serve as an incetive to accept employment. From our study, we can conclude that it did serve that purpose in Nigerian Tobacco Company, Zaria.

Next in our questionnaires we try to explore whether financial rewards contributes to respondent retention in the company. This we did by first asking respondents whether he is likely to resign and accept a job elsewhere with better pay. 73 percent of the respondent answered Yes, they would leave the company if offered a higher pay elsewhere. The remaining 27 percent of the sample respondents answered No. Financial rewards therefore is regarded as a determining factor on remaining on a job. It is still a valued commodity in work.

For the 27 percent who answered No, the desire to move may be more rooted in other factors. And for this reason we sought from the questionnaire to know whether job dissatisfaction is correlated to financial rewards.

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TABLE 4.5

RESPONDENTS ASSESSEMENT OF COMPANY'S MOTIVATION FACTORS

MOTIVATION ITEM FOR ASSESSMENT	ADEQUATE/ SUITABLE	INADEQUATE/ UNSUITABLE	NO OPINION
Job Security	52	45	3
Financial rewards	16	84	-
Provision of working Facilities	72	28	-
Welfare Provision	20	80	-
The Job itself	45	48	7
Avenue for recognition	28	72	-
Advancement	15	85	-
NTC administrative polices and leadership style	45	55	-
Interpersonal relations with peers	40	57	3
Working relations with subordinates	63	37	-
Socio cultural environment	30	65	5
Internal politics of NTC	51	47	2
CUMULATIVE SCORE	477	703	20

SOURCE: Survey by Researcher.

From table 4.5, we observed that a cumulative score of 703 demostrates that our respondents strongly perceives

the company's motivation appeals to be inadequate. The greatest inadequacy was reported in the area of Advancement with 86 percent resentment, followed by financial reward with 84 percent, welfare provisions with 80 percent and avenue for recognition with 72 percent resentment.

Despite these inadequacies, respondents still reported quite clearly that there are motivational appeals that they are satisfied with. They expressed strong feeling with provision of working facilities, represented by 72 percent, followed by working relation with subordinates and internal politics with 63 percent and 51 percent respondents respectively.

Generally, we observe that financial rewards sometimes causes dissatisfaction and sometimes motivates depending on the individual and the situation. This goes to protray the flaws in Herzberg two factor theory. Since financial rewards can not be seen as only, as a hygiene factor, but also as a motivator. Also dissatisfaction with financial rewards has a greater impact on employee turnover. Hence the desire to more may be more rooted in job dissatisfaction rather than in the availability of a more lucrative job elsewhere.

This however does not deny the fact that financial rewards contributed in attraction and retention of respondents. With the foregoing analysis, the first hypothesis that employees are attracted, retain and motivated in the organization mainly because of the financial rewards system can be fully accepted.

4.3 IMPORTANCE OF FINANCIAL REWARDS:

Having been attracted to join the company and stay there for long our next concern was to explore the influence of the financial rewards on employees motivation and performance. Different employees attach varying degrees of importance to financial rewards and have different preferences regarding the amount of pay they receive.

We asked our respondents to rank some job factors in order of importance. The summary of our results is presented in the table below:

TABLE 4.6

RESPONDENTS RANKING OF THE COMPANY'S MOTIVATION FACTORS

JOB ORDER RANK	JOB FACTOR	PERCENT IN SAMPLE
1	Financial Rewards	88
2	Job security	82
3	Advancement	75
4	Fringe benefits	73
5	Training & development	71
6	Working Condition	67
7	Responsibility	65
8	The Organization	63
9	Locality	59
10	Challenge	53
11	Supervisor	51
12	Schedule	42

SOURCE: Survey by Researcher.

From the table above financial rewards was ranked first with 88 percent. Followed by Job security with 82 percent in order of importance on the list of twelve job factors or morale factors. The survey also found out that financial rewards is ranked as the most important

job factors among both the junior and management staffs. Thus the result further strengthens the case that financial rewards is an important motivating factor in work. The consistency of the results shows it to be a very strong factor which is not easy to influence by other factors.

It seems obvious that employees must regard money as slightly desirable commodity before any increased amount of it will motivate them. Financial rewards have more incentive value than job security, advancement, training and development, challenge and responsibility. However from our observation we realised that the importance of financial rewards vary among respondents depending on variables such as income level, family situation, educational level and other socio-economic factors. This we had discussed in detail in our earlier analysis in this chapter.

4.4 PERCEPTION OF FINANCIAL REWARDS AS IT RELATES TO PERFORMANCE:

About 85 percent of the respondents indicated that more financial rewards will certainly make them perform their tasks more efficiently. They reported that an increase in financial rewards will whet their appetite

and lead them to behaviour that follows some exponential or positively accelerated function. From interview source, a couple of examples were given. Workers especially during sallah and christmas season work very hard putting extra hours to earn more overtime pay in order to buy few extra present for the celebration. Also because the company compensate for hardwork espectially during the long service awards employee try to work extra hard so as to be rated higher to get a large raise. Thus the larger raise motivate them to put out. There is therefore a positively accelerated relation between the amount of financial rewards received and a number of responses employee display.

Another important factor is that employee work because they expect to get something out of it. They are likely to choose to work for company A. instead of NTC or company C because they feel company A has a better pay off for them. Whatever incentives are perceived as important to the person may form the basis for his preference for his employer rather than another. Therefore incentives are important in keeping members in a

work organization as well as keeping them productive while working.

Respondents claimed that they seek to maximize the amount of the financial rewards they receive, the fairness of the rewards and their acceptance by the group in which they work. However, they are detterred by some factors as low individual motivation, fear of unfavourable pressure from fellow employees or the belief that management will raise performance standards if employees are overly successful at earning extra financial rewards. They found themselves in conflict. They now have a new and simple path to more money (which they want), but the path takes them away from some other things they also want.

An employee plugging away at his machine is usually not alone. He is in a social environment. His activity has some effects on other people around him. And he is, in a different way as dependent on these other people as he is on his supervisor. He does not shed his group membership when he goes on more financial rewards. So the direct incentive path to financial rewards, though desirable may be partly blocked by the counter influence of other members - members who out of "obstinacy" or "irrationality" do not trust or like the incentive rate.

It is no easy task for any of us to put up with the label of "rate-buster" or in other ways to bear the sanctions of the group we need to live with.

Non managerial respondents from the results collcted are less favourably disposed toward performance pay plans than those in managerial position. This may not be far from the fact that the later are more educationally qualified and thus more equipped in handling new technology and skills than the junior staffs. Employee acceptance and trust appear to be crucial factors in determining the success of incentive pay plan that links quality job performance or high productivity to high financial rewards.

High performance requires much more than employee motivation, employee ability, adequate equipment, good physical working conditions, effective leadership and management, employee health and other conditions all help raise employee performance levels. But employee motivation to work harder and better can be an important factor.

The last hypothesis states that, employees motivation and performance are influenced by Financial rewards. With the foregoing analysis, this chapter hypothesis should be accepted.

FOOTNOTES

1. Abraham H. Maslow, Motivation and Personality, Harper and Row New York 1970.

2. S.". Gellerman, Motivation and Productivity, American Management Association New York 1966. P. 166.

3. Robert L. Opsahl and M.D. Dunnelte, "The Role of Financial Compensation in Motivation", Psychological Bulletin, Vol 66 No.2 August 1966 p. 151.

CONCLUSION AND RECOMMENDATIONS

5.1 Summary and Conclusion

This study has examined the impact of financial rewards on employee motivation and performance in Nigerian Tobacco Company Zaria.

The crux of the study was to lay emphasis on the consideration that should be given to the financial rewards system of an enterprise as they xserve as a central force in determining the behaviour of an employee.

As part of the study we examined related topics and reviewed relevant works by some theoriest in chapter two. The topics includes financial rewards and employee motivation, financial rewards and employee performance and works by Frederick Herzberg (1959), Robert Dubin (1958), Victor Vroom (1964), Stacy Adams (1965) and Lyman W. Porter and Edward E. Lawler III (1968).

In Chapter three we examined the Financial rewards System of Nigerian Tobacco Company Zaria, under the following topics:- historical development and the organizational structure of Nigerian Tobacco Company Zaria, the various Financial Rewards Schemes of the Company and external

influence on the company's Financial Rewards Schemes.

In examining the organizational perspective of financial rewards, we found out that the company has a wide scope of motivational factors, that includes both intrinsic and extrinsic rewards. This means that the company has the internal capacity to motivate employee to perform better. However, the major problem in this respect is that employee don't receive the right stimulus for accelerated performance and where they receive the motivation avenues are never boosted to their fullest. In addition, we found out that external influences on the company's financial rewards schemes are necessary factors to be considered in stimulating high standards of employee motivation and performance.

In chapter four, we tried to systematically analyse the relevant data collected while testing our hypothesis. In our analysis, we attempted to prove whether employees are attracted, retain and motivated to perform in an organization mainly because of its financial rewards system. And secondly, whether employee motivation and performance are influenced by financial rewards.

One major findings of this study shows financial rewards to be a very strong Job morale factor for both the junior and senior staffs. Most employees are attracted to the company because of its lucrative pay package and they stay in the job as far as the rewards system keep energising and activating them towards the satisfaction of needs. However, they would leave the organization if offered higher pay elsewhere. Quite obviously, money serves to satisfy needs for food, clothing and shelter, but it is much less obvious how money can be related to such other areas as need achievement or need Power. It seems obvious from our findings that money serves these needs too. All needs are perceived to be associated with financial rewards. Financial rewards is generally agreed to be a major me mechanism in modifying behaviour in industries. It is more functional than other motivators for employees.

Employees claimed that if given more pay they would work harder. Pay is thus rated high among respondents. In verifying the state of motivational factors in and around the company we found out that there is a general feeling of dissatisfaction with most of them, including financial rewards. Therefore we concluded that since

employee perceives financial rewards as inadequate, that paying them more would increase their motivation and performance. It is obvious from our findings that no amount of money can ever be too much for employees. This is because our system is based on the values and behavioural patterns of the developed market economies and our socio-cultural setting makes an employee to be responsible for the welfare of a lot of people from his extended family.

The organization must understand that financial reward is very important to all employees and is a highly valued reward, It can serve to satisfy all needs and to increase the motivation intensity of the employees. An organization's ability to decide well in this direc direction would have better chance of moving along with the workforce towards the attainment of the enterprise objectives.

However, the organization should also note that increased motivation produces anxiety that can be functional for solving problems up to a point, beyond that level it becomes a hindrance to performance. Over motivated workers may feel so pre-occupied with a limited set of valued outcomes or goals that they over-

look the importance of other human behaviours in the organization.

5.2 Recommendations

When workers excel and raise productivity, the company benefits and management is pleased. The following recommendation would guide the organization in trying to use financial rewards to motivate adequately for accelerated performance.

1. The organization should view financial rewards to workers as an important factor to be considered in motivation and performance.
2. The organization should review their wage system to be motivational in outlook. This can be done by paying employee on the basis of the results they achieve on the job. There is need of correlation between effort expended by an employee and the financial rewards he receives. No bonuses should be paid to production staffs when equipment in production department is not operating. And bonuses for those not in a production function should be based on either the division's return on assets or the company's return on assets. Each division or department should receive a report every month showing on year-to-year basis their return on assets. For the management

staff their financial rewards should be based directly on the company's earnings. If the company is doing well, the executives do well. However, their base salaries should be set at what individuals in a comparable position with another company would receive.

Secondly, a motivational wage system must adequately distinguish "nairawise" between the different level of efficiency for people performing same job. When an employee believes that equity does not prevail he is bound to withhold a measure of his productivity in order to restore equity.

Closely related to this is that increases awarded must be given voluntarily and must be large enought to have a favourable effect on a person's standard of living. Inability of employers to give adequate financial rewards will result to employee putting in their barest minimum efforts in the attainment of the organizational goals.

3. Since employee performance is also a function of skills and knowledge which are acquired through training and development. We commend Nigerian Tobacco Company Managements effort in training and encourage them to continue. This is because training is an essential commodity in performance. A well

trained employee is capable of producing more than an untrained employee of equal physical ability. A trained employee has confidence in his ability to perform. He believes that he has control over his environment and is equipped to tolerate occassional disappointment, frustration and inconveniences. An untrained employee will be incapable of performing his work, may feel frustrated and may even leave the organization.

4. The Company's service awards program is also commended. But instead of only basing it on long service, it should also be based on employee performance over those years using his performance appraisal reports. Also instead of handing out financial rewards, gift certificates, pen, wrist watch etc, the company should try issuing the company stock. For example, after five years of service, an employee receives five shares of NTC Stock. Another five years of service they receive another five shares, and so on. This will make employees feel part of the ownership of the company and thus attract their commitment to work.

5. The organization should also boost to their fullest other motivational avenues like: Job security, welfare provision, leadership/supervisory styles etc.

Fleuter etal[1] suggests that two sets of conditions must exist if financial rewards is going to influence employee performance. One set of conditions describes the employee perspective and the other set describes the organization's perspective.

Employee Perspective

(a) The employee must perceive a close relationship between performance and financial rewards,

(b) Financial rewards must be important to the employee;

(c) The employee must be able to perform (i.e. must have the ability, know what's expected and perceive minimal conflicts in performing the rewarded behaviours);

(d) The employee must not be placed in jeopardy or conflict by working for the extra financial rewards. For example he or she must not fear physical injuries, rate cutting, job insecurity or ridicule from co-workers;

(e) Performance must be measurable and fair.

Organization's Perspective

(a) There must be a high level of trust between the organization and the employees.

(b) The employee must know and understand how pay program works.

(c) The employee must be able to control the performance on which the financial rewards is based.

(d) The performance appraisal system must be free from potential bias.

(e) Managers must be trained in giving feedback.

(f) The amount of money set aside for financial rewards must be sufficiently large to make extra effort worthwhile.

(g) The job evaluation must be valid so the overall salary relationships are equitable.

Although it is generally agreed that financial rewards is the major mechanism for rewarding and modifying behaviour in industry, very little is known about how it works. One reason for this is the dearth of sound research upon which to base practices. There is the need for more research on what way financial rewards motivates employees and how this in turn affects their behaviour. This is necessary to assist in remedying these current deficiencies in this study and others.

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APPENDIX I

Department of Business Administration,
Institute of Administration,
Ahmadu Bello University,
Zaria.

Dear Respondent,

THE IMPACT OF FINANCIAL REWARDS ON EMPLOYEE MOTIVATION AND PERFORMANCE. THE CASE STUDY OF NIGERIAN TOBACCO COMPANY, ZARIA.

I am conducting a research on the above mentioned topic for the completion of my Masters Degree in Business Administration (MBA). The attached questionnaire is designed to examine what impact the different financial rewards plans have on you.

You are please requested to be factual and accurate as possible while answering the questions in order to make the study a worthwhile one.

The information required is purely for Academic research purpose and will be treated in utmost confidence. Please complete the questionnaire at your earliest convenience.

Thank you.

Yours faithfully,

LUCYFINE O. NWOBI

SURVEY QUESTIONNAIRE FOR EMPLOYEES OF NIGERIAN TOBACCO COMPANY, ZARIA.

Introductions.

(a) Please tick the correct answer where appropriate.

(b) And fill the blank spaces where requested.

1. Sex:

   (a) Male ☐

   (b) Female ☐

2. Marital Status;

   (a) Single ☐

   (b) Married ☐

   (c) Widow ☐

3. If married, number of children with you who are:

   (a) Under Primary School .....

   (b) In Primary School .....

   (c) In Secondary School .....

   (d) In post Secondary school .....

   (e) Working but still living with you .....

4. Level of Education:

   (a) University Degree ☐

   (b) Polytechnic/Professional ☐

   (c) Secondary/Technical School ☐

   (d) Primary School ☐

   (e) Illiterate ☐

5. For how long have you been working in the company?

(a) Less than one year ☐

(b) 1 - 5 years ☐

(c) 6 - 10 years ☐

(d) Above 10 years ☐

6. Status:

(a) Management staff ☐

(b) Supervisor ☐

(c) Junior Staff ☐

7. Present salary per annum (after tax)

(a) ₦1,000 ..... ₦5,000 ☐

(b) ₦5,001 .....₦10,000 ☐

(c) ₦10,000 ..... above ☐

8. Why did you choose to work for NTC?

(a) Prospects of training opportunities ☐

(b) Prospect of rapid promotion ☐

(c) Attractive salary structure ☐

(d) Enjoyment of the work ☐

(e) The working condition ☐

(f) The supervision ☐

(g) Job Security ☐

(h) Socio-Cultural and/or geographical location ☐

(i) Nothing in particular ☐

(j) Others (Please specify) .....

.....

9. For how long do you wish to continue working in the company?

(a) Less than one year ☐

(b) Few years ☐

(c) Until retirement ☐

(d) Undecided ☐

10. Is NTC Zaria your first Employer?

(a) Yes ☐

(b) No ☐

11. If NO to question 10, why did you leave your first employer?

.....

12. Think about your present job or the type of job you would like. Decide which of the following job factors is most important to you. (Place a 1 infront of it. Then decide which is the second most important to you and place a 2 in front of it. Keep ranking the items in order of important until the least important job factor is ranked 13.

_____ Local (where place of work is located i.e. Zaria?

_____ Training and Development opportunities

_____ Advancement (opportunity for promotion)

_____ Security (steady work)

_____ Financial Rewards

_____ Fringe benefits (insurance, free medical service etc.)

_____ Supervisor (a fair, influencial boss)

_____ Working conditions (comfortable and clear work area).

_____ Schedule (hours worked, starting time)

_____ The organization (working for a company you are proud of)

_____ Challenge (interesting and stimulating work)

_____ Responsibility (having responsibility to complete important job).

13. What is your opinion about the following factors as they exist in NTC?

(a)	Adequate	Not Adequate	No Opinion
Job Security			
Financial Rewards			
Provision of Working Facilities			
Welfare Provision			
The job itself			
Avenue for recognition			
Advancement			
NTC administrative Policies and Leadership Style.			
Interpersonal relations with peers.			
Working relations with subordinates.			

(b)	Suitable	Not Suitable	No opinion
Social Cultural environment of NTC			
Internal Policies of NTC.			

14. Do you think you are paid less than what contribution you make to the company?

(a) Yes ☐ (b) No ☐

15. Do you think you are paid less compare to what your colleagues in other organizations are getting.

(a) Yes ☐ (b) No ☐

16. If your answer is Yes in Question 14 and 15 what have you resolved to doing?

(a) Continuing with your normal output ☐

(b) Looking for another job ☐

(c) Improving on your output ☐

(d) Have written petition to management/ personnel. ☐

(e) Complained to the Union officials ☐

(f) Others (Please specify).....

.....

.....

17. Is it correct that more financial rewards will make workers perform their tasks more efficiently?

(a) True ☐

(b) False ☐

18. If you receive higher pay elsewhere will you leave th company?

(a) Yes ☐

(b) No ☐

19. What would you want to achicve in your job?

(a) Higher pay ☐

(b) Security ☐

(c) Responsibility ☐

(d) All of the above ☐

(e) Others (specify).....

.....

20. In putting extra effort to your job, what is normally your relationship with your other co-workers?

(a) Good (they encourage you) ☐

(b) Bad (they call you names ☐

(c) They are just indifferent ☐

21. What does higher pay mean to you?

(a) Progress ☐

(b) Worth ☐

(c) Promotion ☐

(d) Equity Measures ☐

(e) Satisfaction of needs ☐

(f) All of the above ☐

(g) Motivation to work ☐

22. What in your view is the level of workers performance in the company?

(a) Satisfactory ☐

(b) Fair ☐

(c) Not satisfactory ☐

23. What are those things if provided by the company which will increase your level of performance?

.....

.....

24. Which of these financial rewards will you want to be increased?

(a) Basic Pay .....

(b) Fringe Benefits .....

(c) All of the above .....

25. Why? Explain briefly .....

.....

APPENDIX II

INTERVIEW WITH FACTORY PERSONNEL MANAGER

(1) What is the number of person in the employment of NTC, Zaria? And how many are in each grades? e.g. Management Grade?

(2) How do the organization view money spent on salaries? Is it as a cost or as an investment in human capital?

(3) What are the different types of Financial rewards plans used in the organization?

(4) How do the organization determine what wage to pay an employee?

(5) What is the expected production capacity of each employee in the factory?

(6) Do employee maximise their production capacity?

(7) How is the pay system designed to encourage employee input for improvements in the company's effectiveness

(8) Have you a formal appraisal program?

(9) Of what uses is the employee performance appraisal reports employed for? Does it include the determination of employee wage, and salaries?

10. I know the organization once in a while has this long service award? What are its aims/objectives? Does it help in improving worker's productivity?

11. What role does the Union play in determining employee pay?

APPENDIX III

Nigerian Tobacco Company PLC.

(Incorporated in Nigeria)

SUPERVISORY ASSESSMENT FORM
KEY TO GRADING

A. OUTSTANDING *(5 Marks)*

Performance and effectiveness are excellent. Employee has a potential for higher or wider responsibilities. If, however, he/she has reached his/her "ceiling", his/her achievements are still clearly exceptional. Work requires minimum of review.

B. ABOVE AVERAGE *(4 Marks)*

Calibre of performance and level of effectiveness definitely superior to that described in "Average". Zeal, effort, ambition and attitude are superior. Abilities and leadership recognised by colleagues. Weaknesses in relation to strengths are few and significant.

C. AVERAGE *(3 Marks)*

Level of productivity and general effectiveness meet the standard for this position. Quality and quantity of output are satisfactory. Minor weaknesses can be improved by training, loyalty and reliability are sound and predictable. Only an ordinary amount of explanation and follow-up are required. Performance is acceptable.

D. BELOW AVERAGE *(2 Marks)*

Effectiveness and productivity are below the standard required of the job, but not so low as to be considered as "inadequate". Employee may be rather slow in reactions, his/her ability to plan his/her work or to use imagination may be somewhat lacking, or he/she may have other similar weakness that could be overcome by training, self-development or by closer supervision. Might be better suited for a different job.

E. POOR *(1 Mark)*

Performance is below job requirements. The employee is largely unable to understand and cope with the job requirements. Written warning to be served and if no improvement, appointment should be terminated.

PERSONNEL DEPARTMENT.

NT 417E **Nigerian Tobacco Company PLC.** PAF

(Incorporated in Nigeria)

CONFIDENTIAL

PERFORMANCE APPRAISAL FORM
FOR P & G's

PART 1 Period covered by Review From: .....To.....

PART II **PERSONAL DETAILS**

Name: ..... Personal No.: ..... Sex: .....

Date of Birth:..... Job Title: .....

Date Joined Company: ..... Department: .....

Appraiser: .....

PART III ***Rating:*** 'A' denotes Outstanding 'C' denotes Average
'B' denotes Above Average 'D' denotes Below Average/Poor

Tick as appropriate

RATING FACTORS	A	B	C	D
Sense of Responsiblity				
Loyalty				
Out put				
Reliability				
Dependability				
Neatness				
Time Keeping				
Commitment				

PART IV: Appraisee's reaction to the Review

Appraisee: ..... Date: .....

PART V: Any additional qualification since joining the Company.

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PAF

(Incorporated in Nigeria)

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PERFORMANCE APPRAISAL FORM FOR DRIVERS

PART I Period covered by Review From: .....To.....

PART II **PERSONAL DETAILS**

Name: ..... Personal No..... Sex: .....

Date of Birth:..... Job Title: .....

Date Joined Company: ..... Department: .....

Appraiser: .....

PART III ***Rating:*** 'A' denotes Outstanding 'C' denotes Average
'B' denotes Above Average 'D' denotes Below Average/Poor

Tick as appropriate

RATING FACTORS	A	B	C	D
Knowledge of Job				
Courtesy on the Road				
Dependability and Reliability				
Maintenance of the Vehicle				
Judgement				
Technical Competence				
Dealing with people				
Neatness				
Time Keeping				
Mental Alertness				
Creativity/Initiative				
Discipline				

PART IV: Appraisee's reaction to discussions

Appraisee: ..... Date:.....

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PERFORMANCE APPRAISAL FORM
FOR GROUP A - E

PART 1 Period covered by Review: From ..... To .....

PART II **PERSONAL DETAILS**

Name: ..... Personal No..... Sex: .....

Date of Birth:..... Job Title: .....

Date Joined Company: ..... Department: .....

Appraiser: .....

PART III ***Rating:*** 'A' denotes Outstanding 'C' denotes Average
'B' denotes Above Average 'D' denotes Below Average/Poor

Tick as appropriate

RATING FACTORS	A	B	C	D
Knowledge of Job				
Organisation				
Performance				
Time Management				
Judgement				
Enthusiasm				
Dealing with people				
Reliability				
Initiative/Creativity				
Discipline				

PART IV: (a) What are his/her particular strong points

(b) What are his/her weak points

(c) Areas to improve

PART IX **Recommendations**

(a) **Manager In-Charge**

Which of the following would you recommend for the employee? (please tick as appropriate)

No Increment ☐ Single Increment ☐

Double Increment ☐ Promotion ☐

Signature: ..... Date: .....

(b) **Comments by Departmental Manager (i.e. Appraiser's immediate boss)**

(c) **Approval of Head of Department**

(Please delete as appropriate

No Increment/Single Increment/Double Increment/Promotion is approved.

Signature: ..... Date: .....

PERSONNEL DEPARTMENT USE

SALARY AS AT DECEMBER: ₦ ..... p.a.

NEWS BASIC SALARY: ₦ ..... EFFECTIVE: ..... New Grade .....

ACCOUNTING DEPARTMENT ADVISED ON: .....

Personnel Manager's Signature: .....

.....

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PERFORMANCE APPRAISAL FORM FIELD STAFF (LEAF DEPARTMENT)

PART 1 PERSONAL DETAILS

Name: ..... Personal No.....

Date of Birth:..... Present Position:.....

.....

Station: .....Date Joined Company: .....

Period covered by Review From:.....To:.....

Appraiser: .....

PART II Crop Production

A. CROP ACHIEVEMENTS

	No of Seed beds	Hectarage (Ha)	Weight (Kg)	Yield (kg/Ha)	No. of Trees Planted	Food Crop (ha)
Agreed Target						
Achieved						
% Achievement						

B CROP PRODUCTION

	Outstanding	Above Average	Average	Below Average
Nursery Work				
Cultivation (Field)				
Topping & Suckering				
Grading (Consider, rejects, moisture content etc.				
Demonstrations				
Crop Records				

C. PERSONAL ATTRIBUTES

COMPETENCES	Outstanding	Above Average	Average	Below Average
Level of Intelligence				
Powers of judgement				
Ability to grasp and develop new ideas				
Reliability at work				
Knowledge of the job				
Dealing with people				
Time Management				
Loyalty and devotion to duty				
Creativeness/Alertness				

Outstanding 95%: Above Average 80% - 94%, Average: 65% - 79%

Below Average: below 65%

D. Enumerate eternal or extraneous factors that have affected his job performance during the review period

PART III: DEVELOPMENT

(a) What are his strength?

(b) What are his weaknesses?

(c) What can be done to improve the staff as regards his weaknesses?

(d) Is he capable of assuming higher responsibilities?

If yes, why and when?

PART IV: OBSERVATION ON THE DISCUSSION

What are the appraisee's reactions to the discussions?

Appraisee: ..... Appraiser: .....

Date: ..... Date: .....

PART V: COMMENTS

(a) Comments by Manager in charge (this should include recommendation for promotion and increment)

Signature ..... Date: .....

(b) Comments by the Divisional leaf Manager including recommendation for promotion and Increment

Signature ..... Date: .....

Appraisee's Reaction

Signature ..... Date: .....

OVERALL PERFORMANCE (Div. Leaf Manager to Tick as Appropriate)

☐	☐	☐	☐
Outstanding	Above Average	Average	Below Average

If outstanding or above average, give reasons for rating.

.....

Div. Leaf Manager's Signature & Date

(c) Departmental Managers Comments:

.....

Signature & Date:

(d) Comments of Head of Department

Signature ..... Date: .....

FOR PERSONNEL DEPARTMENT USE

1. SALARY AS AT DECEMBER ..... ₦ ..... p.a.

2. NEWS BASIC SALARY: ₦ ..... EFFECTIVE ..... New Grade .....

3. ACCOUNTING DEPARTMENT ADVISED ON: .....

Personnel Manager's Signature: ..... Date: .....

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NTC

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SUPERVISORY ASSESSMENT FORM

SENIOR STAFF (ALL)

Period of Review : From ..... To .....

Surname: ..... Other Names:.....

Date of Birth:..... Date of Recruitment: .....

Married or Single .....

Present Appointment: .....

Appraiser:.....

LIST KEY OBJECTIVES AT THE BEGINNING OF REVIEW PERIOD

OBJECTIVES SET	ACHIEVEMENT AGAINST SET OBJECTIVES

– 476779

Appraisee: .....

Date: .....

Rating: Place a tick in the appropriate column, each column carries an appropriate figure as indicated below:

SECTION B COMPETENCES

	5 Outstanding	4 Above Average	3 Satisfactory	2 Below Average	1 Poor	Total
A. EXECUTIVE ABILITY						
i) His output of work is						
ii) His reliability at his work is						
iii) His knowledge of his job is						
iv) His initiative/ability to meet set targets						
B. PERSONAL QUALITIES						
i) His tact in dealing with others is						
ii) His enthusiasm for his work is						
iii) His loyalty to the Company is						
iv) His general standards appear to be						
C. LEADERSHIP QUALITIES						
i) The manner in which he handles his subordinates is:						
ii) The influence for good which he has on others is:						
iii) His ability to develop and train his staff is:						
iv) His time management is:						

SECTION B

		5	4	3	2	1	Total
D.	**MENTAL QUALITIES**						
i)	The level of his intelligence is						
ii)	His ability to grasp new subjects and situation is						
iii)	His powers od deduction and judgement are						
iv)	His ability to develop original ideas/mental alertness						
E.	**ADMINISTRATIVE ABILITY**						
i)	The ability with which he plans his work is						
ii)	The foresight he shows in his works						
iii)	His success in working with his colleagues/ability to maintain discipline is						
iv)	His ability to communicate is						
	TOTAL						

A. **KEY TO GRADINGS**

81 - 100	61 - 80	41 - 60	21 - 40	1 - 20
A	B	C	D	E

B.

A	-	OUTSTANDING	
B	-	ABOVE AVERAGE	
C	-	AVERAGE	
D	-	BELOW AVERAGE	
E	-	UNACCEPTABLE	

SECTION C

What are his/her particular strong points.

SECTION D

What are his/her particular weak points

SECTION E

Do you recommend any special action inside or outside the Company to improve his preser performance or for his future development

SECTION F

Areas to Improve

SECTION G

These objectives should be agreed by both the Appraiser and Appraisee.
A copy to be retained by the Appraisee.

Signed: (Appraisee) .....Appraiser: .....

Date: .....Date: .....

Appraisee's reaction to the Review:

Signature ..... Date:.....

GENERAL COMMENTS BY IMMEDIATE SUPERVISOR

Signature: .....

Recommendation: (a) Double Increment/Single/No Increment

(b) Be Promoted to .....

COMMENTS BY HEAD OF DEPARTMENT

Sinature: ..... Date: .....

FOR PERSONNELL DEPARTMENT USE

1. SALARY AS AT DECEMBER ..... ₦ ..... p.a.

2. NEW BASIC SALARY: ₦ ..... EFFECTIVE ..... New Grade .....

3. *ACCOUNTING DEPARTMENT ADVISED ON:* .....

Personnel Manager's Signature: ..... Date: .....

417B

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(Incorporated in Nigeria)

NTC

ONFIDENTIAL

PERFORMANCE APPRAISAL FORM FOR ZONAL/SALES REPRESENTATIVES

RT 1

RSONAL DETAILS

ME: ..... DATE OF BIRTH: .....

EPARTMENT: ..... PRESENT JOB: .....

ESENT GRADE: ..... TIME IN PRESENT GRADE: .....

RIOD COVERED BY REVIEW: FROM: ..... TO: .....

PRAISER: .....

RT 11

REVIEW OF WORK OBJECTIVES

Review briefly the main goals set, and his/her performance, giving specific instances of success and failure to achieve goals. Please state clearly individual goals and objectives agreed.

Agreed Work Objectives	Performance against set Objectives

PART 111

Based on achievements in part 2 above, how would you grade the grade the employee's performance in the areas stated below. Note that each grade carries the following scores:

A	=	9 marks	C	=	5 marks
B	=	7 marks	D	=	3 marks

B

ZONAL REPRESENTATIVE	A	B	C	D
Achievement of Sales Target				
Efficiency of market coverage, distribution & merchandising				
Supervision of Distributor's Business				
Relationship with Distributor and the trade				
Training of Distributor's staff				
Adherence to Company rules and regulations				
Prompt and Accurate Returns				
Suggestions and Implementation of Innovative Ideas				
Monitoring of competitive activities				
Use and maintenance of vehicles				
TOTAL SCORES				

C

SALES PROMOTION/HGO REPRESENTATIVE	A	B	C	D
Achievement of Sales Promotion Plan				
Coverage of HGOS				
Merchandising, display and market cleaning				
Trade Education and Relationship with trade				
Training and control of surbordinates				
Adherence to Company rules & regulations				
Prompt and Accurate Returns				
Suggestions and Implementation of innovative ideas				
Monitoring of Competitive activities				
Use and Maintenance of vehicles				
TOTAL SCORES				

PERSONAL ATTRIBUTES

COMPETENCES	A	B	C	D
Level of Intelligence				
Powers of judgement				
Ability to grasp and develop new ideas				
Ability to communicate				
Reliability at work				
Knowledge of the job				
Dealing with people				
Time Management				
Loyalty and devotion to duty				
Creativeness/Alertness				

PART IV

Agreed work objectives for the coming year:

Objectives	Completion time if necessary

Appraisee.....

Date .....

PART V

COMMENTS ON APPRAISAL RATING

(a) State any factor e.g health, personal difficulties, organistional problems or any other external/ extraneous factoss which might have affected his/her job performance during the review period.

(b) Do you consider him/her suitable for his/her present job?

(c) If he/she is unsuitable, what do you recommend should be done?

(d) (i) What are his/her strenghts as related to his/her job?

(ii) What are his/her weakness as related to his/her job?

(e) What are your recommendations for building on his/her strengths and improving areas of weakness?

(f) What are your suggestions for further training and development of the employee? Suggest types of training:-

(g) Any other relevant comments

PART VI

RATING: Based on the gradings in Section B, C & D, rate his/her performance accordingly:- (Tick as appropriate)

Above 80 marks - Outstanding ☐

71 - 80 marks - Above Average ☐

50 - 70 marks - Average ☐

Below 50 marks - Below Average ☐

If you have rated him/her above average, please indicate what special achievements he/she has made during the year.

Signature:.....Date:.....
APPRAISER

Appraisee's Reactions

Signature:..... Date:.....

Comments by Departmental Manager (i.e. Appraiser's immediate Boss)

Signature:..... Date:.....

Approval of Head of Department: (Please delete as appropriate)

No Increment/Single Increment/Double Increment/Promotion

Signature:..... Date:.....

FOR PERSONNEL DEPARTMENT USE

1. SALARY AS AT DECEMBER: N ..... p.a.
2. NEW BASIC SALARY: N ..... EFFECTIVE..... New Grade.....
3. ACCOUNTING DEPARTMENT ADVISED ON: .....

Pesonnel Manager's Signature:..... Date:.....